



Munisipaliteit
Municipality
Umasipala

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013**

SWARTLAND MUNICIPALITY

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SWARTLAND MUNICIPALITY

GENERAL INFORMATION

EXECUTIVE MAYOR	Councillor T van Essen
DEPUTY MAYOR	Councillor M S I Goliath
SPEAKER	Councillor N J A Rust

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE:

Chairperson	Councillor T van Essen
Member	Councillor M S I Goliath
Member	Councillor C H H Hunsinger
Member	Councillor M van Zyl
Member	Councillor Van der Westhuizen R F
Member	Councillor W Wilskut

CHAIRPERSONS OF THE PORTFOLIO COMMITTEES :

Administration and Finance Portfolio	Councillor M van Zyl/C H H Hunsinger
Community Safety Portfolio	Councillor M van Zyl
Development Services Portfolio	Councillor W Wilskut
Technical Services Portfolio	Councillor Van der Westhuizen R F

MEMBERS OF THE FINANCIAL AUDIT COMMITTEE:

Chairperson	Mr J M Becker
Member	Ms M F Allie
Member	Mr C B de Jager
Member	Mr J J Scholtz

MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE:

Chairperson	Mr J M Becker
Member	Ms M F Allie
Member	Mr C B de Jager
Member	Mr A J B Dippenaar

GRADING OF THE LOCAL AUTHORITY: Grade 4

AUDITORS:

Auditor-General			
1 st Floor East Block			
Business Connexion Building			
Ring Road	Private Bag X 1		
Century City	Chempet	Telephone	021-528 4100
7441	7442	Fax	021-528 4201

BANKERS:

ABSA Bank			
50 Voortrekker Road	P.O. Box 75		
MALMESBURY	MALMESBURY	Telephone	022-482 7900
7300	7299	Fax	022-487 2026

REGISTERED OFFICE:

Church Street	Private Bag X 52		
MALMESBURY	MALMESBURY	Telephone	022-487 9400
7300	7299	Fax	022-487 9440

MUNICIPAL MANAGER:

J J Scholtz

DIRECTOR: FINANCIAL SERVICES:

K C Cooper

COUNCIL MEMBERS OF THE SWARTLAND MUNICIPALITY

<i>Councillor</i>	<i>Councillor</i>	<i>Councillor</i>	<i>Councillor</i>
Abrahams Z	Goliath M S I	Rust N J A	Van der Westhuizen R F
Cleophas J H	Humphreys F S	Sedeman A C	Van Essen T
Cloete C M	Hunsinger C	Sneewe A M	Van Zyl M
Cox-Bruintjies Y S	Papers C H	Stanley B J	Wilskut W
Fortuin C	Philander D B	Stemele O M	Zatu N S
Geel B W	Rangasamy M	Van der Merwe J I	

SWARTLAND MUNICIPALITY**ANNUAL FINANCIAL STATEMENTS****for the year ended****30 June 2013*****APPROVAL OF FINANCIAL STATEMENTS***

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 103 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

J J Scholtz
Municipal Manager

30 August 2013
Date

SWARTLAND MUNICIPALITY**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

	Note	2013 R	2012 Restated R
ASSETS			
Current assets		265,187,752	270,705,399
Inventory	2	7,034,717	5,051,623
Trade Receivables from Exchange Transactions	3	37,751,093	33,366,056
Trade Receivables from Non-Exchange Transactions	4	10,166,761	12,182,068
Cash and Cash Equivalents	6	210,129,183	219,210,799
Operating Lease Assets	7	20,700	48,343
VAT	26	60,941	823,089
Current Portion of Finance Lease Receivables	13	10,552	11,005
Current Portion of Long-term Receivables	14	13,805	12,416
Non-current assets		1,782,133,889	1,772,485,541
Property, plant and equipment	8	1,749,287,755	1,737,974,293
Intangible Assets	10	458,432	314,445
Investment property	11	31,223,021	32,971,376
Heritage Assets	12	767,266	767,266
Finance lease receivables	13	168,516	215,458
Long- term receivables	14	228,899	242,703
Total Assets		2,047,321,641	2,043,190,940
LIABILITIES			
Current liabilities		64,388,137	64,886,600
Consumer deposits	15	6,896,298	6,287,042
Provisions	16	5,731,369	4,939,303
Creditors	17	43,771,409	42,091,109
Unspent conditional grants and receipts	18	2,682,327	4,664,517
Operating lease liability	7	62,640	78,939
Current portion of long-term liabilities	21	5,244,094	6,825,690
Non-current liabilities		186,299,759	179,987,665
Long-term liabilities	21	141,478,759	146,682,594
Provision for post- retirement medical aid benefits	22	37,663,000	28,179,291
Other non-current provisions	23	7,158,000	5,125,780
Total Liabilities		250,687,896	244,874,265
NET ASSETS			
Total Net Assets		1,796,633,745	1,798,316,675
Housing Development Fund	24	421,772	481,582
Accumulated Surplus		1,796,211,973	1,797,835,093
Total Net Assets and Liabilities		2,047,321,641	2,043,190,940

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

Budget 2012 R	Budget 2013 R	Note	Actual 2013 R	Restated Actual 2012 R
REVENUE				
122,384,976	146,761,555		144,146,053	126,343,531
58,907,558	67,476,158		67,359,221	60,255,594
58,907,558	67,476,158	27	67,359,221	60,255,594
53,897,861	63,741,546		65,668,164	56,572,961
20,503,131	9,209,454	31	13,730,715	16,714,694
13,996,096	27,780,092	31	24,470,574	16,769,492
19,201,465	26,752,000	31	26,752,000	22,887,000
147,265	-	32	150,000	147,265
49,904	-	32	484,000	49,904
-	-		80,875	4,606
400,000	6,364,500		2,306,633	379,142
400,000	6,364,500		2,471,660	410,000
-	-		165,027	30,858
9,179,557	9,179,351		8,812,035	9,135,834
4,036,415	4,040,012		2,947,831	3,284,706
2,729,398	2,723,732		3,225,095	2,863,580
2,413,744	2,415,607		2,495,733	2,412,348
-	-		143,376	575,200
237,028,460	267,726,071		265,459,650	240,993,179
208,437,783	240,741,339	28	237,557,558	210,663,134
2,262,337	2,406,654	30	2,901,632	2,914,724
16,057,934	12,023,328	29	9,917,496	10,609,144
1,222,268	1,194,844	29	1,455,488	1,291,894
9,048,138	11,359,906	33	13,627,476	15,514,283
359,413,436	414,487,626		409,605,703	367,336,710
EXPENDITURE				
110,558,707	120,008,135	33	125,450,243	110,535,129
6,554,390	7,184,841	35	6,703,224	6,619,179
1,706,148	9,635,652	3/4	1,259,585	1,473,331
78,957,577	68,545,886	36	72,998,654	66,495,826
-	265,000		2,215,455	-
17,018,369	17,386,426		15,667,400	15,440,406
15,029,958	15,859,858	37	8,485,935	5,254,722
127,276,982	145,447,132	38	137,412,595	122,558,351
3,210,438	3,157,138		3,073,226	3,104,007
1,253,560	1,364,140	39	1,292,677	1,230,755
54,247,177	41,584,471	41	36,452,239	48,375,765
-	5,012,832		277,400	3,328,623
415,813,306	435,451,511		411,288,633	384,416,094
(56,399,870)	(20,963,885)		(1,682,930)	(17,079,384)
Other income:				
7,308,400	-		-	-
(49,091,470)	(20,963,885)		(1,682,930)	(17,079,384)

Refer to Appendix E (1) for explanation of variances

SWARTLAND MUNICIPALITY**STATEMENT OF CHANGES IN NET ASSETS**
FOR THE YEAR ENDED 30 JUNE 2013

	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 01 July 2011	625,764	1,805,478,762	1,806,104,526
Correction of error and changes in accounting policy (Note 57)	-	9,291,533	9,291,533
Restated balance	625,764	1,814,770,295	1,815,396,059
Restated Surplus/(Deficit) for the year	-	(17,079,384)	(17,079,384)
Transfer to Housing Development Fund	(144,182)	144,182	-
Restated Balance at 30 June 2012	481,582	1,797,835,093	1,798,316,675
Surplus for the year	-	(1,682,930)	(1,682,930)
Transfer to Housing Development Fund	(59,810)	59,810	-
Balance at 30 June 2013	421,772	1,796,211,973	1,796,633,745

SWARTLAND MUNICIPALITY**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013	2012
		R	Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		396,029,694	355,958,584
Cash paid to suppliers and employees		(314,539,337)	(302,177,419)
Cash generated from operations	42	81,490,357	53,781,165
Interest received	29	9,917,496	10,609,144
Interest paid	37	(8,485,935)	(5,254,722)
NET CASH FROM OPERATING ACTIVITIES		82,921,918	59,135,587
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(86,566,221)	(107,514,424)
Purchase of intangible assets	10	(261,801)	(255,395)
Purchase of investment properties	11	-	(626,140)
Heritage Assets		-	-
Proceeds on disposal of property, plant and equipment		1,550,109	1,445,503
Decrease in long- term receivables		59,810	23,517
Increase in investments		-	71,841,096
NET CASH FROM INVESTING ACTIVITIES		(85,218,103)	(35,085,843)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/Interest capitalised		82,204	105,477,890
Loans repaid		(6,867,635)	(5,719,583)
NET CASH FROM FINANCING ACTIVITIES		(6,785,431)	99,758,307
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9,081,616)	123,808,051
		(9,081,616)	123,808,051
Cash and cash equivalents at the beginning of the year		219,210,799	95,402,748
Cash and cash equivalents at the end of the year	6	210,129,183	219,210,799

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where otherwise indicated.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

1. 1 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1. 1. 1 Revenue Recognition

Accounting Policy 12.2 on *Revenue from Exchange Transactions* and Accounting Policy 12.3 and 13 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GRAP 23: *Revenue from Non-Exchange Transactions* (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 1. 2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 8.1 on *Financial Instruments Classification* describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments*.

1. 1. 3 Impairment of Financial Assets

Accounting Policy 8.3 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.

This was performed per service-identifiable categories across all classes of debtors.

1. 1. 4

Impairment: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories

As described in Accounting Policies 3.3, 5.2 and 6.2 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****1. BASIS OF PRESENTATION (continued)****1. 1 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)*****1. 1. 4 Impairment: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories (continued)***

Accounting Policy 7 on *Impairment of asset* and Accounting Policy 10.2 on *Inventory - Subsequent measurement* describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing and write down of Inventories to Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for PPE, heritage assets and intangible assets and the NRV for inventories involves significant judgment by management.

1. 1. 5 Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Note 10.2 of the accounting policy to the Annual Financial Statements.

1. 1. 6 Defined Benefit Plan Liabilities

As described in Accounting Policy 15, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 22 and 23 to the Annual Financial Statements.

1. 1. 7 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 4 and 16 and in note 51.

1. 1. 8 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements

1. 2 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 3 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. 4 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 5 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Accounting Policies have been consistently applied, except where otherwise indicated:

The municipality changes an accounting policy only in the following instances:

- (a) if it is required by a Standard of GRAP; or
- (b) if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

Changes in accounting policies that are effected by management are applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 56 for details of changes in accounting policies.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****1. BASIS OF PRESENTATION (continued)****1. 5 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS (continued)**

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 56 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 and GRAP 104 will be effective for period starting after 1 April 2012. The Municipality had already early adopted GRAP 23 and GRAP 104 in the prior year. Thus for the 2012/13 year the Municipality adopts GRAP 21, GRAP 24, GRAP 26 and GRAP 103.

GRAP 21, GRAP 24 and GRAP 26 were inspected and it was found that these standards must be applied prospectively. There is therefore no effect on prior year (comparative) figures and no retrospective adjustment is required.

Adoption of GRAP 103 requires retrospective adjustment of affected balances and transactions in accordance with the requirements of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. Details of the effects thereof are set out in note 56 on Changes in accounting policies and correction of errors.

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards were issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
 GRAP 20 Related Party Disclosures (Revised)
 GRAP 25 Employee Benefits - issued December 2009
 GRAP 105 Transfers between entities under common control - issued November 2010
 GRAP 106 Transfers between entities not under common control - issued November 2010
 GRAP 107 Mergers - issued November 2010

The standards as listed above will only be effective when a date is announced by the Minister of Finance.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality as, either the information to a large extent is already included in the notes to the annual financial statements, or the Municipality does not participate in such business transactions.

The Municipality applied the principles established in the following Standard of GRAP that has been issued, but is not yet in effect, in developing appropriate accounting policies dealing with the following transactions, but have not early adopted this Standard:

Employee Benefits (GRAP 25 - issued December 2009)

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****3. PROPERTY, PLANT AND EQUIPMENT****3. 1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including Infrastructure Assets, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****3. PROPERTY, PLANT AND EQUIPMENT (continued)****3. 3 Depreciation (continued)**

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
<i>Infrastructure</i>		<i>Buildings</i>	5 - 50
Roads and Paving	10 - 100		
Stormwater	50	<i>Other</i>	
Electricity	10 - 50	Specialist Vehicles	5 - 20
Water	10 - 100	Other Vehicles	5 - 10
Sewerage	10 - 100	Office Equipment	3 - 7
Landfill Sites	10 - 50	Furniture and Fittings	7 - 10
		Watercraft	15
<i>Community</i>		Bins and Containers	5
Recreational Facilities	10 - 60	Specialised Plant and Equipment	10 - 15
Security	5	Other items of Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 7 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that are included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

3. 8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****4. Heritage Assets**

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

4. 1 Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

4. 2 Subsequent Measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

4. 3 Derecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

Transitional provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of heritage assets.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****5. INTANGIBLE ASSETS****5. 1 Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria is fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet this criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development cost assets are tested for impairment annually.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

5. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

5. 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****6. INVESTMENT PROPERTY****6. 1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

6. 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

6. 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****7 IMPAIRMENT OF ASSETS**

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

7. 1. *Impairment of Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

7. 2. *Impairment of Non-Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2013**8. FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

8. 1 Financial Instruments - Classification

In accordance with GRAP 104 the Financial Assets and Financial Liabilities of the municipality are classified as follows into the three categories allowed by this standard:

Financial assets (or financial liabilities) at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Financial assets (or financial liabilities) at fair value are financial assets that meet either of the following conditions:

- (a) derivatives;
- (b) combined instruments that are designated at fair value;
- (c) instruments held for trading;
- (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition;
- or
- (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets (or financial liabilities) at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

A **financial asset** is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors (see notes 3 and 4)
- Short-term Investment Deposits
- Bank balances and cash

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

In accordance with GRAP 104 the *Financial Assets* of the municipality are all classified as *financial assets at amortised cost*.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****8. FINANCIAL INSTRUMENTS (continued)****8. 1 Financial Instruments - Classification (continued)**

A **financial liability** is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 17)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

In accordance with GRAP 104 the *Financial Liabilities* of the municipality are all classified as ***financial liabilities at amortised cost***, except for Consumer deposits, which are classified as ***financial liabilities at fair value***.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

8. 2 Initial and Subsequent Measurement**8. 2. 1 Initial measurement:**

Financial assets and financial liabilities are initially measured at fair value plus, in the case of a financial instruments subsequently measured at cost or amortised cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

8. 2. 2 Subsequent measurement:

All financial assets and financial liabilities are measured in accordance with GRAP 104 after initial recognition, using the following categories:

- (a) Financial instruments at fair value;
- (b) Financial instruments at amortised cost
- (c) Financial instruments at cost.

8. 3 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made in accordance with GRAP 104 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2013**8. FINANCIAL INSTRUMENTS (continued)****8. 3 Impairment of Financial Assets (continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

8. 4 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

8. 5 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

9. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48.8 to the annual financial statements.

Market risk

- Market risk is disclosed per interest rate risk and foreign currency risk.
- The Municipality only deals with Local suppliers, thus it is not exposed to foreign currency risk.

10. INVENTORIES**10. 1 Initial Recognition**

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****10. INVENTORIES (continued)****10. 1 Initial Recognition (continued)**

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

10. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

11. NON-CURRENT ASSETS HELD-FOR-SALE**11. 1 Initial Recognition**

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

11. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

12. REVENUE RECOGNITION**12. 1 General**

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2013**12. REVENUE RECOGNITION (continued)****12. 1 General (continued)**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

12. 2 Revenue from Exchange Transactions**12. 2. 1 Service Charges**

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

12. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and if payment is made five days before year end it is recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

12. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

12. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

12. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

12. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****12. REVENUE RECOGNITION (continued)****12. 2. Revenue from Exchange Transactions (continued)****12. 2. 7 Rentals**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

12. 3 Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

12. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

12. 3. 2 Fines

Fines constitute both spot fines and summonses for which revenue is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

12. 3. 3 Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

12. 3. 4 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

12. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

13. GOVERNMENT GRANTS AND RECEIPTS

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

14. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken;
 - when the plan will be implemented; and;
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

15. EMPLOYEE BENEFITS

15. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****15. EMPLOYEE BENEFITS (continued)****15. 1 Short-term Employee Benefits (continued)**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

15. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

15. 3 Post-retirement benefits**15. 3. 1 Defined Contribution plans**

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

15. 3. 2 Defined Benefit plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Multi-employer Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 46 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****16. LEASES****16. 1 The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

16. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

17. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, while all other borrowing costs incurred are recognised as an expense in the Statement of Financial Performance.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

18. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

19. VALUE ADDED TAX

The Municipality is registered with SARS for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the VAT Act No 89 of 1991, and accounts for VAT on the cash basis.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****20. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

The definition of "vote" for Swartland Municipality is set at the Functional area within the respective department.

21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Members in the service of the state are also considered to be related parties.

24. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

25. COMPARATIVE INFORMATION**25. 1 Prior year comparatives:**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

25. 2 Current year comparatives:

Budgeted amounts are scheduled as additional budget columns in the financial statements and explanatory comments are provided in the notes to the annual financial statements, giving motivations for overspending on line items. The annual budget figures included in the financial statements are for Swartland Municipality and do not include budget information relating to any other entities. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2012 to 30 June 2013.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2013**26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

27. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013	2012
R	R

1. GENERAL INFORMATION

Swartland Municipality (the municipality) is a local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

2. INVENTORY**Restated**

Consumable stores - at cost	4,895,906	2,917,160
Franking Machine and Postage	15,603	35,855
Go Green Prizes: Cell Phones	16,821	23,725
Postage Stamps	-	1,937
Stationery - at cost	131,123	94,904
SMS Bundles	1,950	124
Water - at cost	140,171	122,489
Wonderbags	8,353	5,300
Unsold properties held for resale - at cost	1,824,790	1,850,129
Total Inventory	7,034,717	5,051,623

The cost of inventories (excluding land inventories) recognised as expense and included in "General Expenses" amounted to R 9 979 740 (2012: R 4,441 610). The cost of land inventories expensed has been separately disclosed on the Statement of Financial Performance.

Inventory to the amount of R 2 303 (2012: R 31 033) was written-down and included in "General Expenses".

3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**As at 30 June 2013**

	Gross Balances	Collective Provision for Impairment	Net Balances
Service Debtors	38,719,106	3,290,094	35,429,012
Electricity	22,201,007	920,121	21,280,886
Water	6,577,340	748,703	5,828,637
Sewerage	5,345,027	834,947	4,510,080
Refuse Removal	4,595,732	786,323	3,809,409
Housing rentals / instalments	115,609	18,705	96,904
Other	2,548,929	323,752	2,225,177
Total: Trade Receivables From Exchange Transactions	41,383,644	3,632,551	37,751,093

As at 30 June 2012**Restated**

	Gross Balances	Collective Provision for Impairment	Net Balances
Service Debtors	33,903,644	2,842,493	31,061,151
Electricity	20,420,130	861,257	19,558,873
Water	5,735,495	666,327	5,069,168
Sewerage	4,364,421	698,258	3,666,163
Refuse Removal	3,383,598	616,651	2,766,947
Housing rentals / instalments	103,014	16,854	86,160
Other	2,726,381	507,636	2,218,745
Total: Trade Receivables From Exchange Transactions	36,733,039	3,366,983	33,366,056

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the consumer debtors.

Comparatives have been restated due to the correction of an error (refer to note 57).

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
3. 1 Ageing of Service Debtors		
<u>Electricity: Ageing</u>		
Current (0 - 30 days)	19,677,018	18,346,318
<u>Past Due</u>		
31 - 60 Days	1,719,742	1,314,279
61 - 90 Days	55,513	81,211
91 - 120 Days	45,423	60,792
121 - 150 Days	58,495	37,386
151 - 180 Days	43,768	51,581
181 - 365 Days	38,069	351,944
366 Days - 2 Years	81,505	86,159
2 - 3 Years	61,865	48,283
+ 3 Years	419,609	42,177
Total	<u>22,201,007</u>	<u>20,420,130</u>
<u>Water: Ageing</u>		
Current (0 - 30 days)	3,717,947	3,328,119
<u>Past Due</u>		
31 - 60 Days	633,400	543,262
61 - 90 Days	185,280	217,747
91 - 120 Days	199,973	191,385
121 - 150 Days	192,047	149,142
151 - 180 Days	166,711	130,163
181 - 365 Days	122,493	674,419
366 Days - 2 Years	576,007	268,408
2 - 3 Years	209,624	70,650
+ 3 Years	573,858	162,200
Total	<u>6,577,340</u>	<u>5,735,495</u>
<u>Sewerage: Ageing</u>		
Current (0 - 30 days)	1,798,046	1,595,188
<u>Past Due</u>		
31 - 60 Days	564,457	481,875
61 - 90 Days	157,305	181,231
91 - 120 Days	196,471	160,915
121 - 150 Days	171,814	129,603
151 - 180 Days	152,450	131,297
181 - 365 Days	134,089	1,165,908
366 Days - 2 Years	120,750	290,662
2 - 3 Years	107,290	120,289
+ 3 Years	1,942,355	107,453
Total	<u>5,345,027</u>	<u>4,364,421</u>
<u>Refuse Removal: Ageing</u>		
Current (0 - 30 days)	1,649,694	1,358,102
<u>Past Due</u>		
31 - 60 Days	552,773	431,061
61 - 90 Days	174,543	124,361
91 - 120 Days	163,158	107,068
121 - 150 Days	159,813	99,359
151 - 180 Days	138,175	87,903
181 - 365 Days	126,215	724,671
366 Days - 2 Years	935,608	242,246
2 - 3 Years	235,656	119,669
+ 3 Years	460,097	89,158
Total	<u>4,595,732</u>	<u>3,383,598</u>

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R	
3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)			
3. 1 Ageing of Service Debtors			
<u>Housing rentals / instalments: Ageing</u>			
Current (0 - 30 days)	30,056	28,512	
<u>Past Due</u>			
31 - 60 Days	16,554	14,829	
61 - 90 Days	1,564	2,298	
91 - 120 Days	1,443	2,007	
121 - 150 Days	1,335	2,359	
151 - 180 Days	1,219	2,347	
181 - 365 Days	2,711	26,573	
366 Days - 2 Years	23,005	16,737	
2 - 3 Years	18,421	895	
+ 3 Years	19,301	6,457	
Total	115,609	103,014	
<u>Other Debtors: Ageing</u>			
Current (0 - 30 days)	1,080,490	1,523,585	
<u>Past Due</u>			
31 - 60 Days	166,814	119,312	
61 - 90 Days	66,245	68,433	
91 - 120 Days	34,191	46,724	
121 - 150 Days	32,468	44,409	
151 - 180 Days	52,826	60,152	
181 - 365 Days	23,407	430,919	
366 Days - 2 Years	374,491	173,902	
2 - 3 Years	252,764	122,792	
+ 3 Years	465,233	136,153	
Total	2,548,929	2,726,381	
3. 2 Summary of Debtors by Customer Classification			
	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
30 th June 2013			
Current (0 - 30 days)	18,339,991	8,628,844	984,416
<u>Past Due</u>			
31 - 60 Days	2,685,906	909,826	58,009
61 - 90 Days	603,070	23,702	13,678
91 - 120 Days	599,379	36,603	4,677
121 - 150 Days	590,305	23,113	2,553
151 - 180 Days	523,307	29,927	1,915
181 - 365 Days	426,815	18,418	1,751
366 Days - 2 Years	1,994,632	100,748	15,987
2 - 3 Years	770,834	110,240	4,546
+ 3 Years	3,693,237	174,924	12,291
Sub-total	30,227,476	10,056,345	1,099,823
Less: Collective Provision for Impairment	(2,770,694)	(861,857)	
Total debtors by customer classification	27,456,782	9,194,488	1,099,823

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)****3. 2 Summary of Debtors by Customer Classification (continued)**

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
30th June 2012			
Restated			
Current (0 - 30 days)	17,293,151	7,986,960	899,714
<u>Past Due</u>			
31 - 60 Days	2,211,279	556,519	136,820
61 - 90 Days	601,604	36,637	37,041
91 - 120 Days	505,740	29,406	33,744
121 - 150 Days	429,791	30,140	2,327
151 - 180 Days	439,447	21,335	2,661
181 - 365 Days	3,143,526	222,088	8,819
366 Days - 2 Years	1,021,306	51,778	5,030
2 - 3 Years	436,395	39,201	6,981
+ 3 Years	492,899	48,332	2,368
Sub-total	26,575,138	9,022,396	1,135,505
Less: Collective Provision for Impairment	(2,488,638)	(878,345)	-
Total debtors by customer classification	24,086,500	8,144,051	1,135,505

Comparatives have been restated due to the correction of an error (refer to note 57).

	2013	2012
	R	R
		Restated

At 30 June 2013 debtors of R 9,797,842 (2012: R 7,186,232) were past due but not impaired. The age analysis of these debtors are as follows:

31 - 60 Days	3,653,740	2,904,618
61 - 90 Days	640,450	675,282
91 - 120 Days	640,659	568,890
121 - 150 Days	615,972	462,258
151 - 180 Days	555,149	463,442
181 - 365 Days	446,984	2,111,742
+ 1 Year	3,244,888	-
Total	9,797,842	7,186,232

3. 3 Reconciliation of Collective Provision for Impairment on debtors

Balance at beginning of the year	3,366,983	2,627,315
Contribution to Provision	1,223,860	1,239,828
Bad debts written off against provision	(958,292)	(500,160)
Balance at end of year	3,632,551	3,366,983

4. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

		Restated
Property Rates	9,176,729	8,325,602
Payments made in advance	210,149	195,188
Insurance claims	-	31,217
Government grants and subsidies (Past due and not impaired)	71,235	1,803,835
Sundry debtors	1,948,500	3,123,273
Gross Balances	11,406,613	13,479,115
<i>Less: Collective Provision for Impairment</i>		
Rates	(1,082,463)	(1,132,712)
Other	(157,389)	(164,335)
Net Balances	10,166,761	12,182,068

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
4. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)		
<i>Rates: Ageing</i>		
Current (0 - 30 days)	4,560,372	4,036,094
<i>Past Due</i>		
31 - 60 Days	836,973	771,350
61 - 90 Days	184,039	249,733
91 - 120 Days	251,637	175,002
121 - 150 Days	196,425	94,138
151 - 180 Days	155,602	100,776
181 - 365 Days	141,754	2,025,719
366 Days - 2 Years	121,254	434,577
2 - 3 Years	125,537	241,974
+ 3 Years	2,603,136	196,239
Total	9,176,729	8,325,602
<i>Other Debtors: Ageing</i>		
Current (0 - 30 days)	2,229,590	5,153,167
<i>Past Due</i>		
31 - 60 Days	1	2
61 - 90 Days	1	2
91 - 120 Days	1	2
121 - 150 Days	1	2
151 - 180 Days	1	2
181 - 365 Days	2	139
366 Days - 2 Years	11	21
2 - 3 Years	20	23
+ 3 Years	256	153
Total	2,229,884	5,153,513
At 30 June 2013 debtors of R 4,616,652 (2012: R 4,289,854) were past due but not impaired. The age analysis of these debtors are as follows:		
31 - 60 Days	836,974	771,351
61 - 90 Days	184,040	249,735
91 - 120 Days	251,638	175,003
121 - 150 Days	196,426	94,139
151 - 180 Days	155,603	100,778
181 - 365 Days	141,756	2,025,858
+ 1 Year	2,850,215	872,990
Total	4,616,652	4,289,854
<i>Reconciliation of Collective Provision for Impairment on Other debtors</i>		
Balance at beginning of the year	1,297,047	1,125,988
<i>Contributions to provision</i>		
Rates	21,909	177,020
Other	-	56,483
<i>Bad debts written off against provision</i>		
Rates	(72,158)	(47,554)
Other	-	(14,890)
Reversal of provision	(6,946)	-
Balance at end of year	1,239,852	1,297,047

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of the credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the Provision for Impairment.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	R	R

4. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependant on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets.

The average credit period for other debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the other debtors.

The provision for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The total amount of the provision for impairment created is R 4,872,403 (2012: R 4,664,030) and the following loans and receivables are included therein:

Consumer Debtors	3,632,551	3,366,983
Sundry Debtors	1,239,852	1,297,047
Total Allowance for Doubtful Debts on Debtors	<u>4,872,403</u>	<u>4,664,030</u>

5. INVESTMENTS**Financial Instruments**

Fixed Deposits	-	-
Total Investments	<u>-</u>	<u>-</u>

6. CASH AND CASH EQUIVALENTS

Bank balances and cash	210,113,153	219,192,069
Petty Cash Advances	16,030	18,730
Total cash and cash equivalents	<u>210,129,183</u>	<u>219,210,799</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account) (OTM account)

ABSA Bank Limited - Public Sector: Account Number 40 5369 2381

Bank statement balance at beginning of year	<u>-</u>	<u>-</u>
Bank statement balance at end of year	<u>-</u>	<u>-</u>

Current Account

ABSA Bank Limited - Public Sector: Account Number 40 5369 1741

Bank statement balance at beginning of year	<u>215,668,397</u>	<u>91,006,585</u>
Bank statement balance at end of year	<u>206,686,719</u>	<u>215,668,397</u>

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
6. CASH AND CASH EQUIVALENTS (continued)		
<u>Current Account (ACB account)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2399		
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<u>Current Account (Cash account)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2466		
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<u>Current Account (Belstow)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 7320 9473		
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<u>Current Account (Syntell)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 8119 7650		
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<u>Summary</u>		
Cash book balance at beginning of year	219,192,069	95,385,618
Cash book balance at end of year	210,113,153	219,192,069
Bank statement balance at beginning of year	215,668,397	91,006,585
Bank statement balance at end of year	206,686,719	215,668,397

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months which earn interest at a rate at 4.75 % per annum.

Interest on overdrawn current accounts is charged at prime less 0.5 % per annum and earn interest at different rates per annum on favourable balances.

7. OPERATING LEASES**The Municipality as lessee*****Leasing arrangements:***

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Buildings	608,025	1,143,737
Up to 1 year	533,709	535,713
1 to 5 years	74,316	608,024
More than 5 years	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013	2012
R	R

7. OPERATING LEASES (continued)**The Municipality as lessee (continued)****Computer and other equipment**

Up to 1 year

1 to 5 years

More than 5 years

866,763 7,554

184,425 7,554

682,338 -

- -

Total Operating Lease Commitments

1,474,788 1,151,291

The following payments have been recognised as an **expense** in the Statement of Financial Performance:

Minimum lease payments

626,447 618,227

Total Operating Lease Expenses - as Lessee

626,447 618,227

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the following **asset/(liability)** has been recognised:

Accrual as at 30 June**Restated**

Opening balance

(78,939) (70,383)

Operating lease payments effected

642,746 609,671

Operating expenses recorded

(626,447) (618,227)

Total Operating Lease Assets/(Liabilities)

(62,640) (78,939)

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

The Municipality as Lessor:***Leasing arrangements:***

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 50 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year

252,698 204,453

1 to 5 years

289,320 427,722

More than 5 years

8,347 9,358

550,365 641,533

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has resulted in a decrease in current year's income of R 27 642.

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the following **asset/(liability)** has been recognised:

Accrual as at 30 June**Restated**

Opening balance

48,343 51,675

Operating lease payments received

(665,894) (612,814)

Operating income recorded

638,251 609,482

Total Operating Lease Assets/(Liabilities)

20,700 48,343

No restrictions have been imposed on the Municipality in terms of the lease agreements.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****8. PROPERTY, PLANT AND EQUIPMENT**

30 June 2013

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Total carried forward
	R	R	R	R	R
Carrying values at 01 July 2012	164,440,778	1,511,674,810	15,881,080	-	1,691,996,668
Cost	269,675,472	2,758,243,207	138,586,155	-	3,166,504,834
Transfers	93,282,961	9,756,078	(97,998,731)	-	5,040,308
Accumulated depreciation and Impairment	(198,517,655)	(1,256,324,475)	(24,706,344)	-	(1,479,548,474)
- Cost	(136,364,106)	(1,250,898,917)	(90,395,379)	-	(1,477,658,402)
- Transfers	(62,153,549)	(5,425,558)	65,689,035	-	(1,890,072)
Acquisitions	3,270,129	33,759,378	1,121,319	-	38,150,826
Capital under Construction	5,404,300	27,539,253	-	-	32,943,553
Borrowing costs Capitalised	-	5,306,159	-	-	5,306,159
Depreciation	(6,656,575)	(54,682,790)	(2,768,517)	-	(64,107,882)
- based on cost	(6,656,575)	(54,682,790)	(2,768,517)	-	(64,107,882)
Carrying value of disposals	-	(35,443)	-	-	(35,443)
Cost	-	(63,010)	-	-	(63,010)
Accumulated depreciation	-	27,567	-	-	27,567
Impairment losses	(21,080)	(1,911,106)	-	-	(1,932,186)
Other movements	-	-	-	-	-
Carrying values at 30 June 2013	166,437,552	1,521,650,261	14,233,882	-	1,702,321,695
Cost	371,632,862	2,834,541,065	41,708,743	-	3,247,882,670
Accumulated depreciation and Impairment	(205,195,310)	(1,312,890,804)	(27,474,861)	-	(1,545,560,975)
- Cost	(205,195,310)	(1,312,890,804)	(27,474,861)	-	(1,545,560,975)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****8. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2013 (continued)

Reconciliation of Carrying Value	Total brought forward	Other	Housing Development Fund	Leased Assets	Total
	R	R	R	R	R
Carrying values at 01 July 2012	1,691,996,668	44,816,423	381,391	770,610	1,737,965,092
Cost	3,166,504,834	71,319,903	1,587,265	1,875,933	3,241,287,935
Transfers	5,040,308	(4,285,246)	(764,263)	-	(9,201)
Accumulated depreciation and Impairment	(1,479,548,474)	(22,218,234)	(441,611)	(1,105,323)	(1,503,313,642)
- Cost	(1,477,658,402)	(24,002,082)	(547,835)	(1,105,323)	(1,503,313,642)
- Transfers	(1,890,072)	1,783,848	106,224	-	-
Acquisitions	38,150,826	10,165,683	-	-	48,316,509
Capital under Construction	32,943,553	-	-	-	32,943,553
Borrowing costs Capitalised	5,306,159	-	-	-	5,306,159
Depreciation	(64,107,882)	(6,975,606)	-	(241,167)	(71,324,655)
- based on cost	(64,107,882)	(6,975,606)	-	(241,167)	(71,324,655)
Carrying value of disposals	(35,443)	(1,738,647)	-	8,267	(1,765,823)
Cost	(63,010)	(4,745,018)	-	(716,932)	(5,524,960)
Accumulated depreciation	27,567	3,006,371	-	725,199	3,759,137
Impairment losses	(1,932,186)	(220,894)	-	-	(2,153,080)
Other movements	-	-	-	-	-
Carrying values at 30 June 2013	1,702,321,695	46,046,959	381,391	537,710	1,749,287,755
Cost	3,247,882,670	72,455,322	823,002	1,159,001	3,322,319,995
Accumulated depreciation and Impairment	(1,545,560,975)	(26,408,363)	(441,611)	(621,291)	(1,573,032,240)
- Cost	(1,545,560,975)	(26,408,363)	(441,611)	(621,291)	(1,573,032,240)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****8. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2012

Restated

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Total carried forward
	R	R	R	R	R
Carrying values at 01 July 2011	137,654,055	1,473,621,418	49,209,623	-	1,660,485,096
Cost	261,340,543	2,674,158,366	136,581,738	586,266	3,072,666,913
Correction of error (Note 57)	7,570,337	-	-	(586,266)	6,984,071
Accumulated depreciation and Impairment	(131,256,825)	(1,200,536,948)	(87,372,115)	-	(1,419,165,888)
Cost	(131,257,328)	(1,200,536,948)	(87,372,115)	(462,001)	(1,419,628,392)
Correction of error (Note 57)	503	-	-	462,001	462,504
Acquisitions	298,121	26,916,314	1,954,813	-	29,169,248
Capital under Construction	-	55,315,761	49,904	-	55,365,665
Borrowing costs Capitalised	-	6,451,996	-	-	6,451,996
Correction of error (Note 57)	575,200	-	-	-	575,200
Depreciation	(5,108,635)	(52,190,575)	(3,023,327)	-	(60,322,537)
- based on cost	(5,108,635)	(52,190,575)	(3,023,327)	(16,000)	(60,338,537)
- Correction of error (Note 57)	-	-	-	16,000	16,000
Carrying value of disposals	(107,375)	(2,770,624)	(237)	-	(2,878,236)
Cost	(108,729)	(4,599,230)	(300)	-	(4,708,259)
Accumulated depreciation	1,354	1,828,606	63	-	1,830,023
Impairment losses	-	-	-	-	-
Carrying values at 30 June 2012	133,311,366	1,507,344,290	48,190,776	-	1,688,846,432
Cost	269,675,472	2,758,243,207	138,586,155	-	3,166,504,834
Correction of error (Note 57)	-	-	-	-	-
Accumulated depreciation and Impairment	(136,364,106)	(1,250,898,917)	(90,395,379)	-	(1,477,658,402)
- Cost	(136,364,106)	(1,250,898,917)	(90,395,379)	-	(1,477,658,402)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****8. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2012 (continued)

Restated

Reconciliation of Carrying Value	Total brought forward	Other	Housing Development Fund	Leased Assets	Total
	R	R	R	R	R
Carrying values at 01 July 2011	1,660,485,096	38,730,436	1,072,241	677,283	1,700,965,056
Cost	3,072,666,913	59,646,976	1,587,265	1,493,524	3,135,394,678
Correction of error (Note 57)	6,984,071	-	-	-	6,984,071
Accumulated depreciation and Impairment	(1,419,165,888)	(20,916,540)	(515,024)	(816,241)	(1,441,413,693)
- Cost	(1,419,165,888)	(22,985,997)	(515,024)	(816,241)	(1,443,483,150)
- Correction of error (Note 57)	-	2,069,457	-	-	2,069,457
Acquisitions	29,169,248	16,223,372	-	382,409	45,775,029
Capital under Construction	55,365,665	-	-	-	55,365,665
Borrowing costs Capitalised	6,451,996	-	-	-	6,451,996
Correction of error (Note 57)	575,200	-	-	-	575,200
Depreciation	(60,322,537)	(5,732,239)	(32,811)	(289,082)	(66,376,669)
- based on cost	(60,338,537)	(6,226,766)	(32,811)	(289,082)	(66,887,196)
- Correction of error (Note 57)	16,000	494,527	-	-	510,527
Carrying value of disposals	(2,878,236)	(1,903,748)	-	-	(4,781,984)
Cost/revaluation	(4,708,259)	(4,550,445)	-	-	(9,258,704)
Accumulated depreciation	1,830,023	2,646,697	-	-	4,476,720
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as	-	-	-	-	-
Carrying values at 30 June 2012	1,688,846,432	47,317,821	1,039,430	770,610	1,737,974,293
Cost	3,166,504,834	71,319,903	1,587,265	1,875,933	3,241,287,935
Correction of error (Note 57)	-	-	-	-	-
Accumulated depreciation and Impairment	(1,477,658,402)	(24,002,082)	(547,835)	(1,105,323)	(1,503,313,642)
- Cost	(1,477,658,402)	(24,002,082)	(547,835)	(1,105,323)	(1,503,313,642)

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

9. BORROWING COSTS

	2013 R	2012 R
Borrowing costs incurred on specific loans	7,359,982	9,763,094
Less: Interest earned on temporary investment of specific borrowings	(2,053,823)	(3,311,098)
Total Borrowing costs capitalised during the period	5,306,159	6,451,996

During the financial period two loans were taken up specifically for the purpose of obtaining qualifying assets. The interest rate payable on the loan of R 35,000,000 is 10.96% and on the loan of R 70,000,000 the rate is 10.665%. After utilising the total amount already paid on the assets, the balance of the two loans was temporarily invested at rates of 5.25 % and 5.92% respectively.

INTEREST EXPENSE

Long-term liabilities	15,798,399	14,946,345
Less: Interest capitalised	(7,359,982)	(9,763,094)
Finance Leases	47,518	71,471
Total Interest expense on External Borrowings	8,485,935	5,254,722

INTEREST EARNED**External Investments / Cash Deposits: (Note 28)**

Bank Account (Note 28)	433,008	238,841
Interest earned - other (Note 28)	11,538,311	13,681,401
Less: Deducted from interest capitalised (Note 28)	(2,053,823)	(3,311,098)
Total Interest earned on External Investments / Cash Deposits	9,917,496	10,609,144

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****10. INTANGIBLE ASSETS****30 June 2013**

Reconciliation of Carrying Value	Total	Software/ Software Licenses	Website Development
	R	R	R
Carrying values at 1 July 2012	314,445	282,744	31,701
- Cost	458,504	388,800	69,704
Accumulated Amortisation and Impairment	(144,059)	(106,056)	(38,003)
- Cost	(144,059)	(106,056)	(38,003)
Acquisitions			
Purchased	261,801	261,801	-
Borrowing Costs Capitalised	-	-	-
Other movements	-	-	-
Amortisation	(117,814)	(117,814)	-
- based on Cost	(117,814)	(117,814)	-
Carrying values at 30 June 2013	458,432	426,731	31,701
- Cost	720,305	650,601	69,704
Accumulated amortisation	(261,873)	(223,870)	(38,003)
- Cost	(261,873)	(223,870)	(38,003)

30 June 2012

Reconciliation of Carrying Value	Total	Software/ Software Licenses	Website Development
	R	R	R
Carrying values at 01 July 2011	128,456	89,771	38,685
Cost	203,109	133,405	69,704
Accumulated Amortisation and Impairment	(74,653)	(43,634)	(31,019)
- Cost	(74,653)	(43,634)	(31,019)
Correction of error (Note 57)	-	-	-
Acquisitions			
Purchased	255,395	255,395	-
Other Movements	-	-	-
Amortisation	(69,406)	(62,422)	(6,984)
- based on Cost	(69,406)	(62,422)	(6,984)
Correction of error (Note 57)	-	-	-
Carrying values at 30 June 2012	314,445	282,744	31,701
- Cost	458,504	388,800	69,704
Correction of error (Note 57)	-	-	-
Accumulated amortisation	(144,059)	(106,056)	(38,003)
- Cost	(144,059)	(106,056)	(38,003)
Correction of error (Note 57)	-	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****10. INTANGIBLE ASSETS (continued)**

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 36).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to the intangible assets.

	2013	2012
	R	R
		Restated
At cost less accumulated depreciation	31,223,021	32,971,376

The movement in investment properties is reconciled as follows:

Carrying value at the beginning of the year	32,971,376	34,064,794
Cost	34,138,237	35,130,964
Accumulated depreciation	(1,166,861)	(1,117,110)
Accumulated Impairment Losses	-	-
<i>Correction of error (Note 57)</i>	-	-
Cost	-	50,940
Accumulated depreciation	-	-
Additions to existing investment properties	-	-
Transfer to Inventory (Grap 16.65 and 16.70)	(139,686)	-
Depreciation	(1,556,185)	(49,751)
Impairment losses	-	-
Disposal	(61,686)	-
Transfers	9,202	-
Carrying value at the end of the year	31,223,021	32,971,376
Cost	33,946,067	35,181,904
Accumulated depreciation	(2,723,046)	(1,166,861)
Accumulated Impairment Losses	-	-
<i>Correction of error (Note 57)</i>	-	-
Cost	-	(1,043,667)
Accumulated depreciation	-	-
The following is included in the net surplus/(deficit)		
Rental revenue earned from Investment Properties	353,551	398,757
Direct Operating expenses - incurred to generate rental revenue	313,220	382,067
Direct Operating expenses - incurred which did not generate rental revenue	1,237,419	1,186,738

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There following can be contractual obligations:

To purchase, construct or develop investment properties	-	-
For repairs and maintenance to investment properties	-	-
For enhancements to investment properties	-	-
There are no contractual obligations to purchase, construct or develop investment property.		

Fair Value of investment properties.

The fair value of investment properties is estimated at R 154,350,500 which is based on a valuation by an independent valuer who holds a recognised and relevant qualification. The determination of fair value is supported by market evidence.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R Restated
12. HERITAGE ASSETS		
At cost less accumulated Impairment	767,266	767,266

The movement in heritage assets is reconciled as follows:

Carrying value at the beginning of the year	767,266	767,266
Cost	767,266	-
Accumulated Impairment Losses	-	-
<i>Change in accounting policy (Note 57)</i>		
Cost	-	767,266
Accumulated impairment	-	-
Additions to existing heritage assets	-	-
Impairment losses	-	-
Other Movements	-	-
Carrying value at the end of the year	767,266	767,266
Cost	767,266	767,266
Accumulated Impairment Losses	-	-

13. FINANCE LEASE RECEIVABLES

Housing selling scheme loans	179,068	226,463
	179,068	226,463
Less : Current portion transferred to current receivables	10,552	11,005
Housing selling scheme loans	10,552	11,005
Total	168,516	215,458

HOUSING SELLING SCHEME LOANS

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of thirteen point five percent per annum. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund. (See note 24)

13. 1 Leasing Arrangements

The municipality entered into finance Leasing Arrangements for house selling scheme loans. The average term of Finance Leases entered into is between six and twenty years.

13. 2 Amounts receivable under finance leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2013 R	2012 R	2013 R	2012 R
Within one year	34,671	41,522	10,552	11,005
In the second to fifth year inclusive	138,563	169,474	58,492	62,715
Over five years	157,690	229,513	110,024	152,743
	330,924	440,509	179,068	226,463
Less: Unearned Finance Income	(151,856)	(214,046)		
Total Finance Lease Receivables	179,068	226,463	179,068	226,463
Included in the Annual Financial Statements as:				
Current Finance lease receivables			10,552	11,005
Non-Current Finance lease receivables			168,516	215,458
			179,068	226,463

The interest rate inherent to the leases are fixed at the contract date over the entire lease term. The average effective interest rate contracted is 13.50 % (2012: 13.50 %) per annum.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****14. LONG-TERM RECEIVABLES**

	2013 R	2012 R
<i>Neither past due nor impaired</i>		
Loans to Public Organisations	242,704	255,119
	242,704	255,119
 Less : Current portion transferred to current receivables	13,805	12,416
Loans to Public Organisations	13,805	12,416
 Total	228,899	242,703

LOANS TO PUBLIC ORGANISATIONS

Under the previous dispensation loans raised at an interest rate of one percent per annum repayable over a period of forty years were granted by the State to the Municipality who in turn, made the said loans available to Public Organisations for the purpose of providing housing to indigent old age persons. The Municipality merely acted as an intermediary between the State and such Organisations. The outstanding balances of these loans were subsequently written off by the State whilst the annual instalment, still recoverable from the various Organisations, are credited to the Housing Fund. Loans are repaid over periods of thirty to forty years and at interest rates varying from one to eleven point two five percent per annum. (See note 24)

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Long- term receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

15. CONSUMER DEPOSITS

Electricity and Water	6,896,298	6,287,042
Interest paid	-	-
 Total Consumer Deposits	6,896,298	6,287,042

Guarantees amounting to R 792,753 (2012: R 852 753) are held in lieu of Electricity and Water Deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilize the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

16. PROVISIONS

		Restated
Current portion of Post-Employment Health Care Benefits(see note 22)	1,458,000	1,286,583
Current portion of Long-Service Awards (see note 23)	761,000	291,470
Bonuses	2,772,524	2,624,314
Workman Compensation	739,845	736,936
 Total Provisions	5,731,369	4,939,303

The movement in current provisions are reconciled as follows:

	Bonuses	Workman Compensation	Electricity Main Sub (ABB)	Post- Employment Health Care Benefits	Current portion of Long- service awards
30 June 2013					
Balance at beginning of year	2,624,314	736,936	-	1,286,583	291,470
Contributions to provision	2,772,524	739,845	-	1,472,970	1,090,654
Expenditure incurred	(2,624,314)	(736,936)	-	(1,301,553)	(621,124)
Reversal of provision	-	-	-	-	-
 Balance at end of year	2,772,524	739,845	-	1,458,000	761,000

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****16. PROVISIONS (continued)**

30 June 2012	Bonuses	Workman Compensation	Electricity Main Sub (ABB)	Post- Employment Health Care Benefits	Current portion of Long- service awards
Balance at beginning of year	2,445,666	-	313,967	1,236,643	340,205
Contributions to provision	2,624,314	736,936	-	1,269,797	454,335
Expenditure incurred	(2,445,666)	-	(313,967)	(1,219,857)	(503,070)
Reversal of provision	-	-	-	-	-
Correction of error	-	-	-	-	-
Balance at end of year	2,624,314	736,936	-	1,286,583	291,470

Bonuses

Service bonuses are granted to municipal employees as a 13th cheque. An estimate amount for the provision raised is determined according to the amount accruing to employees from December to June which is based on their salaries earned at 30 June of each year.

Electricity: Main Sub (ABB)

During the 2010/2011 year an estimate was made and a provision raised for payment of an outstanding amount on a capital project.

Workman Compensation

The amount due to the Workmen's Compensation Commissioner is not known in advance and an estimation is determined based on the following calculation:

The sum of the actual amount for the previous year and the tentative amount for the current year less the estimate for the previous year is multiplied by the applicable tariff.

For more information on **Current portion of Post-Employment Health Care Benefits** see note 22 and for **Current portion of Long-Service Awards** see note 23.

17. CREDITORS

	2013 R	2012 R Restated
Trade creditors	32,422,109	29,785,959
Payments received in advance	818,275	844,624
Retentions	596,976	1,876,221
Staff leave	6,333,471	6,242,210
Other creditors	3,600,578	3,342,095
Total Creditors	43,771,409	42,091,109

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. Retentions refer to construction contracts.

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS***18.1 Conditional Grants by other spheres of Government***

	1,983,417	3,674,324
ACIP: Water Conservation	403,572	-
Cleanest Town	31,327	75,820
Community Development: Workers	8,859	2,116
Disaster Fund	-	108,505
Extended Public Works Programme	-	-
Financial Management Grant	130	-
Financial Management Support Grant: Asset Management	219,452	-
Financial Management Support Grant: Tariff Modelling	138,601	-
Fire Damage Houses	123,515	-
Housing: Abbotsdale	995,700	-
Housing: Chatsworth	-	2,931,870
Housing Consumer Education Grant	20,105	27,197
Housing: Klippiesdal	-	-
Libraries	-	-
Municipal Infrastructure Grant	-	-
Municipal Systems Improvement Grant	27,748	-
Proclaimed Roads	-	-
Zondeza	-	-
Thusong Centre: Operational Support	-	-
Thusong Centre	-	500,000

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)****2013**
R**2012**
R**18.1 Conditional Grants by other spheres of Government (continued)**

Upgrading Netball Courts

14,235

-

Wesbank Rectification

-

-

Financial Management Support Grant

173

28,816

18.2 Other Receipts**698,910****990,193**

Fanie Malherbe: Illinge Lethu Gym

-

-

Douglas Wheatly Familie Trust: Traffic Circle

12,717

-

National Lottery

446,193

930,193

C J Pretorius Family Trust: Traffic Circle

240,000

60,000

Total Conditional Grants and Receipts**2,682,327****4,664,517**

See Note 31 for reconciliation of grants by other spheres of government.

19. VAT**VAT payable**

-

-

VAT is accounted for on the receipts basis. Only when payment has been received from debtors VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date.

20. FINANCE LEASE PAYABLES**The Municipality as lessee*****Leasing arrangements:***

Capitalised Lease Liabilities relate to office equipment with lease terms of five years (2012: five years). The effective interest rate on finance leases is between 6.43 % and 24.86 % (2012: 6.43 % and 24.86 %). Capitalised lease liabilities are secured over the items of office equipment leased.

The obligations under finance leases are scheduled below:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2013 R	2012 R	2013 R	2012 R
Amounts payable under finance leases				
Within one year	152,690	361,051	125,650	313,210
1 to 5 years	290,588	493,125	266,905	392,556
More than 5 years	-	-	-	-
	443,278	854,176	392,555	705,766
Less: Future finance charges	(50,723)	(148,410)		
Present Value of Lease obligations (see note)	392,555	705,766	392,555	705,766
Less amounts due for settlement within 12 months (current portion)			(125,650)	(313,210)
Amounts due for settlement after 12 months (non-current)			266,905	392,556

The municipality has finance lease agreements for office equipment.

Included are the following significant leases:

(i) Bizhub 160F Copier (YZN Head Office)

- Instalments are payable monthly in advance
- Average period outstanding 1 months
- Average effective interest rate 15.40 %
- Average monthly instalment 5,685

(ii) Siemens Hi Path Pabx

- Instalments are payable monthly in advance
- Average period outstanding 22 months
- Average effective interest rate 20.28 %
- Average monthly instalment 2,658

(iii) HiPath 3800 V8

- Instalments are payable monthly in advance
- Average period outstanding 43 months
- Average effective interest rate 6.43 %
- Average monthly instalment 9,709

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
21. LONG- TERM LIABILITIES		
Annuity Loans	146,330,298	152,802,518
Capitalised Lease Liability (see to note 20).	392,555	705,766
Sub-total	146,722,853	153,508,284
Less : Current portion transferred to current liabilities	5,244,094	6,825,690
Annuity Loans	5,118,444	6,512,480
Capitalised Lease Liability	125,650	313,210
Total: Long-term Liabilities (Neither past due nor impaired)	141,478,759	146,682,594

Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2012: ten to twenty years), and at interest rates varying from 7.894 % to 11.60 % (2012: 9.575 % to 15.50 %). Annuity Loans are not secured.

For detail of leasing arrangements regarding capitalised finance lease liabilities refer to note 20.

Refer to APPENDIX A for more detail on long- term liabilities.

22. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY

Post-Employment Health Care Benefit Liability	39,121,000	29,465,874
Total: Post Retirement Medical Aid Benefit Liability	39,121,000	29,465,874
Less: Transfer to Current Provisions	(1,458,000)	(1,286,583)
Net Post-Employment Health Care Benefit Liability	37,663,000	28,179,291

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2013 by ZAQEN Actuaries (Pty) Ltd, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members	246	242
- Continuation members	52	52
Total	298	294

The liability in respect of past service has been estimated to be as follows:

- In-service members	22,059,000	13,521,365
- Continuation members	17,062,000	15,944,509
	39,121,000	29,465,874

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The future service cost for the ensuing year is established to be R 1 776 000, whereas the interest-cost for the next year is estimated to be R 3 134 000 (2012: R 1 597 772 and R 2 162 795 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	7.89 %	7.34 %
Health Care Cost Inflation Rate	7.14 %	5.47 %
Net Effective Discount Rate	0.70 %	1.77 %
Expected Rate of Salary Increase	6.66 %	5.49 %
General Inflation Rate (CPI)	6.14 %	5.27 %
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	64

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
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22. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (continued)

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	39,121,000	29,465,874
Fair value of plan assets	-	-
	39,121,000	29,465,874
Unrecognised past service cost	-	-
Unrecognised actuarial gains	-	-
Present value of unfunded obligations	39,121,000	29,465,874
Benefit Liability	39,121,000	29,465,874

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	1,597,772	1,184,279
Interest cost	2,162,795	2,203,635
Actuarial (gains)/losses	7,196,112	1,403,159
Total included in Employee Related Costs (see to note 34).	10,956,679	4,791,073

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	29,465,874	25,894,658
Current service cost	1,597,772	1,184,279
Interest cost	2,162,795	2,203,635
Benefits paid	(1,301,553)	(1,219,857)
Actuarial (gain)/loss on the obligation	7,196,112	1,403,159
Balance at end of year	39,121,000	29,465,874

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the aggregate of the current service cost and the interest cost	1,011,000	751,136
Effect on the defined benefit obligation	6,737,000	4,742,954

Decrease

Effect on the aggregate of the current service cost and the interest cost	(793,000)	(587,480)
Effect on the defined benefit obligation	(5,402,000)	(3,824,505)

The history of experienced adjustments is as follows:

	2013	2012	2011	2010	2009
Defined benefit obligation	39,121,000	29,465,874	25,894,658	23,581,042	22,182,018
Experience adjustments on plan liabilities	6,006,000	1,336,000	(96,453)	2,910,018	(271,882)

The municipality expects to make a contribution of R 4 910 000 (2012: R 3 760 597) to the defined benefit plans during the next financial year.

Refer to Note 50 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
23. OTHER NON- CURRENT PROVISIONS		
<i>Long Service Awards</i>		
Provision for Long Service Awards	7,919,000	5,417,250
Total Provision for Long Service Awards	7,919,000	5,417,250
Less: Transfer to Current Provisions	(761,000)	(291,470)
Net Long Service Awards liability	7,158,000	5,125,780

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2013 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2013 by ZAQEN Actuaries (Pty) Ltd, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The future service cost for the ensuing year is established to be R 653 000 whereas the interest-cost for the next year is estimated to be R 595 000 (2012: R 440 918 and R 381 241 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	7.40 %	7.34 %
Expected Rate of Salary Increase	6.66 %	5.49 %
Net Effective Discount Rate	0.69 %	1.75 %
General Inflation Rate (CPI)	5.66 %	5.27 %
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	64

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	7,919,000	5,417,250
	7,919,000	5,417,250
Present value of unfunded obligations	7,919,000	5,417,250
Net liability	7,919,000	5,417,250

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	440,918	402,101
Interest cost	381,241	379,680
Past service cost (Profit)	-	-
Actuarial (gain)/loss on the obligation	2,300,715	506,867
Total included in Employee Related Costs (see to note 34).	3,122,874	1,288,648

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	5,417,250	4,631,672
Current service cost	440,918	402,101
Interest cost	381,241	379,680
Past service cost (Profit)	-	-
Benefits paid	(621,124)	(503,070)
Actuarial (gain)/loss on the obligation	2,300,715	506,867
Balance at end of year	7,919,000	5,417,250

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****23. OTHER NON- CURRENT PROVISIONS (continued)***Long Service Awards (continued)*

The history of experienced adjustments is as follows:

	2013	2012	2011	2010	2009
Defined benefit obligation	7,919,000	5,417,250	4,631,672	3,976,914	3,499,643
Experience adjustments on plan liabilities	1,350,000	291,445	397,711	(87,846)	630,992

24. HOUSING DEVELOPMENT FUND

Balance at the beginning of the year	481,582	625,764
Income	240,953	250,433
Maintenance	38,021	37,999
House selling scheme loans	163,083	172,585
Housing debtors	39,849	39,849
Less: Expenses	722,535	394,615
Funding operating projects	722,535	394,615
	-	481,582

Analysis of the composition of the Housing Development Fund:

Housing Development Fund	421,772	481,582
Unappropriated Surplus	-	-
Loans extinguished by Government on 1 April 1998	421,772	481,582

The Housing Development Fund is represented by the following assets and liabilities:

Housing selling scheme loans (see note 13).	179,068	226,463
Long- Term Receivables (see note 14).	242,704	255,119
Bank and cash	-	-

Total Housing Development Fund Assets and Liabilities

421,772 481,582

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

25. ACCUMULATED SURPLUS**Restated**

The following internal funds and reserves are ring-fenced within the Accumulated Surplus.

Capital replacement reserve	90,450,073	110,382,460
Capitalisation reserve	1,062,563,431	1,250,104,725
Donations and public contribution reserve	5,889,024	7,649,684
Government Grants Reserve	184,549,269	154,993,901
Accumulated surplus/(deficit) due to the results of operations	452,760,176	274,704,323

Total Accumulated Surplus

1,796,211,973 1,797,835,093

The Capital Replacement Reserve is a reserve to finance future capital expenditure.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donation and Public Contribution Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donation and Public Contribution Reserve ensures consumer equity and is not backed by cash.

The Government Grant Reserve equals the carrying value of the items of property, plant and equipment financed by government. The Government Grant Reserve ensures consumer equity and is not backed by cash.

26. VAT**Restated**

VAT receivable	60,941	823,089
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VAT is accounted for on the receipts basis. Only when payment has been received from debtors VAT is paid over to SARS.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****27. PROPERTY RATES**

	2013	Restated 2012
<u>Income</u>	R	R
<u>Actual</u>		
Residential, Commercial, Industrial, Rural and Other	66,172,557	59,462,917
State	3,482,068	2,071,607
	69,654,625	61,534,524
Less: Revenue Forgone	2,295,404	1,278,930
Total Assessment Rates	67,359,221	60,255,594
<u>Valuations</u>		
<u>Actual</u>		
Residential, Commercial, Industrial, Rural and Other	17,921,798,249	13,736,160,228
State	3,482,068	358,656,500
	17,925,280,317	14,094,816,728

Assessment Rates are levied on the value of land and improvements, less R 15,000 for residential properties, which valuation must be performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. The last valuation came into effect on 1 July 2012.

Differential rates of 0.005512 c/R for residential properties and 0.006289 c/R for business properties (2011/2012: a uniform rate of 0.5933 c/R) on land and building valuations were applied to determine assessment rates. A rebate of 40,00 % (2011/2012: 40,00%) was allowed on residential properties for pensioners based on the annual income of the ratepayer whilst a discount of 75 % (2011/2011: 75 %) was granted on properties owned by residence of Jakkalsfontein and Grotto Bay as well as on agricultural land. A exemption of R 15000 on the value of the property is granted to residential property owners. A further R 200 000 discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for resident 65 years and older on condition that they occupy the premises.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the last day of the month. Interest is levied at the prime rate plus 1% on outstanding property rates amounts.

	2013	Restated 2012
	R	R
28. SERVICE CHARGES INCOME		
Sale of electricity	173,944,126	155,095,620
Sale of water	33,938,637	30,733,584
Refuse removal	23,508,497	19,134,658
Sewerage and sanitation charges	30,490,861	26,102,561
	261,882,121	231,066,423
Less: Revenue Forgone	24,324,563	20,403,289
Total Service Charges	237,557,558	210,663,134

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

29. INTEREST EARNED

	Restated
External Investments / Cash Deposits:	
Bank Account	238,841
Interest earned- other	10,370,303
	9,917,496
Outstanding Debtors:	
Rates	368,676
Long-term Receivables	5,389
Consumer Debtors	779,376
Other Debtors	138,453
	1,455,488
Total Interest Earned	11,901,038

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

29. INTEREST EARNED (continued)	2013	2012
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		Restated
Available-for-Sale Financial Assets	-	-
Loans and Receivables	11,372,984	11,901,038
	11,372,984	11,901,038
Interest Earned on Non-financial Assets	-	-
30. RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Buildings	353,551	398,757
Rental Revenue from Halls	257,642	227,442
Rental Revenue from Other facilities	2,290,439	2,288,525
Total Rental of Facilities and Equipment	2,901,632	2,914,724
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
31. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES		
<i>Conditional Grants</i>		
ACIP: Water Conservation	3,019,830	-
Broadcasting Booth Gene Louw	-	150,000
Cleanest Town	94,493	630,452
Community Development: Workers	20,257	23,884
Disaster Fund	108,505	-
Extended Public Works Programme	1,000,000	-
Financial Management Grant	1,230,516	1,599,684
Financial Management Support Grant: Asset Management	80,548	-
Financial Management Support Grant: Tariff Modelling	11,399	-
Fire Damage: Housing	-	-
Housing: Abbotsdale	5,404,300	505,533
Housing: Chatsworth	2,931,870	11,756,466
Housing Consumer Education Grant	7,092	20,037
Housing: Klippiesdal	835,680	-
Ilinge Lethu Advisory Centre	-	137,130
Libraries	4,500,000	3,855,917
Municipal Infrastructure Grant	14,525,000	11,974,000
Municipal Systems Improvement Grant	756,299	821,304
Pedestrian Pathways	-	600,000
Proclaimed Roads Subsidies	172,000	172,000
Purchase of Land: ECD Facility	-	250,000
Sondeza	100,000	100,000
Thusong Centre: Operational Support	218,000	-
Thusong Centre	500,000	-
Upgrading Netball Courts	185,765	-
Sport Development	-	-
Financial Management Support Grant	328,643	271,184
Westbank Rectification	2,171,092	-
Water Pump Station: Moorreesburg	-	616,595
Total: Conditional Grants	38,201,289	33,484,186
<i>Unconditional Grants</i>		
Equitable Share	26,752,000	22,887,000
Total: Unconditional Grants	26,752,000	22,887,000
Total Government Grant and Subsidies	64,953,289	56,371,186

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
31. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
31.1 ACIP: Water Conservation		
Balance unspent at beginning of year	-	-
Current year receipts	3,423,402	-
Conditions met - transferred to revenue	(3,019,830)	-
Conditions met - transferred to debtors	-	-
Conditions still to be met transferred to liabilities (see note 18)	403,572	-
Funds made available for the purchase of bulk watermeters in order to promote water conservation.		
31.2 Broadcasting Booth: Moorreesburg		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	(150,000)
Conditions met - transferred to debtors	-	150,000
Conditions still to be met transferred to liabilities (see note 18)	-	-
Funds made available by PAWC for the construction of a Broadcasting Booth at the Gene Louw Sport complex.		
31.3 Cleanest Town		
Balance unspent at beginning of year	75,820	79,420
Current year receipts	50,000	78,822
Conditions met - transferred to revenue	(94,493)	(630,452)
Conditions met - transferred to debtors	-	548,030
Conditions still to be met transferred to liabilities (see note 18)	31,327	75,820
Prize money for winning the national cleanest and greenest town competitions.		
31.4 Community Development: Workers		
Balance unspent at beginning of year	2,116	-
Current year receipts	27,000	26,000
Conditions met - transferred to revenue	(20,257)	(23,884)
Conditions still to be met transferred to liabilities (see note 18)	8,859	2,116
Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.		
31.5 Disaster Fund		
Balance unspent at beginning of year	108,505	-
Current year receipts	-	108,505
Conditions met - transferred to revenue	(108,505)	-
Conditions still to be met transferred to liabilities (see note 18)	-	108,505
Funds provided and partly expended on flood and fire damage of low cost housing.		
31.6 Extended Public Works Programme		
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	-
Conditions met - transferred to revenue	(1,000,000)	-
Conditions still to be met transferred to liabilities (see note 18)	-	-
The purpose of the grant is to enable the Municipality to create jobs.		
31.7 Financial Management Grant		
Balance unspent at beginning of year	-	355,330
Current year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,230,516)	(1,599,684)
Transferred to Equitable Share	-	(25,000)
Transferred to debtors	(19,354)	19,354
Conditions still to be met transferred to liabilities (see note 18)	130	-
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	R	R
31. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
31. 8 Financial Management Support Grant: Asset Management		
Balance unspent at beginning of year	-	-
Current year receipts	300,000	-
Conditions met - transferred to revenue	(80,548)	-
Conditions still to be met transferred to liabilities (see note 18)	219,452	-
The purpose of the grant is to enable the Municipality to modernise and improve its Asset Register and Asset Management activities.		
31. 9 Financial Management Support Grant: Tariff Modelling		
Balance unspent at beginning of year	-	-
Current year receipts	150,000	-
Conditions met - transferred to revenue	(11,399)	-
Conditions still to be met transferred to liabilities (see note 18)	138,601	-
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities regarding tariff structures.		
31. 10 Fire Damage: Housing		
Balance unspent at beginning of year	-	-
Current year receipts	123,515	-
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 18)	123,515	-
Funds provided to enable the Municipality to finance the repair costs of houses damaged by fire for low income groups.		
31. 11 Housing: Abbotsdale		
Balance unspent at beginning of year	-	-
Current year receipts	6,400,000	505,533
Conditions met - transferred to revenue	(5,404,300)	(505,533)
Conditions still to be met transferred to liabilities (see note 18)	995,700	-
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
31. 12 Housing: Chatsworth		
Balance unspent at beginning of year	2,931,870	1,362,274
Current year receipts	-	13,326,062
Conditions met - transferred to revenue	(2,931,870)	(11,756,466)
Conditions still to be met transferred to liabilities (see note 18)	-	2,931,870
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
31. 13 Housing Consumer Education Grant		
Balance unspent at beginning of year	27,197	47,234
Current year receipts	-	-
Conditions met - transferred to revenue	(7,092)	(20,037)
Conditions still to be met transferred to liabilities (see note 18)	20,105	27,197
Funds allocated for educating first time homeowners.		
31. 14 Ilinge Lethu Advisory Centre		
Balance unspent at beginning of year	-	137,130
Current year receipts	-	-
Conditions met - transferred to revenue	-	(137,130)
Conditions still to be met transferred to liabilities (see note 18)	-	-
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
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31. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)***31. 15 Housing: Klippiesdal***

Balance unspent at beginning of year	-	-
Current year receipts	835,680	-
Conditions met - transferred to revenue	(835,680)	-

Conditions still to be met transferred to liabilities (see note 18)

-	-
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Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

31. 16 Libraries

Balance unspent at beginning of year	-	-
Current year receipts	4,500,000	3,855,917
Conditions met - transferred to revenue	(4,500,000)	(3,855,917)

Conditions still to be met transferred to liabilities (see note 18)

-	-
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Funds provided for the partial funding of the operational costs of libraries in the area under the jurisdiction of the Swartland Municipality.

31. 17 Municipal Infrastructure Grant

Balance unspent at beginning of year	-	-
Current year receipts	14,525,000	11,974,000
Conditions met - transferred to revenue	(14,525,000)	(11,974,000)
Conditions met - transferred to debtors	-	-

Conditions still to be met transferred to liabilities (see note 18)

-	-
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Funds made available to the Municipality for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection/construction of new amenities required for service delivery.

31. 18 Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	453,351
Current year receipts	800,000	790,000
Conditions met - transferred to revenue	(756,299)	(821,304)
Transferred to Equitable Share		(438,000)
Transferred to Debtors	(15,953)	15,953

Conditions still to be met transferred to liabilities (see note 18)

27,748	-
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The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, the implementation of GRAP compliant Financial Statements and Asset Register, municipal finance management legislation and regulating policies.

31. 19 Pedestrian Pathways

Balance unspent at beginning of year	-	600,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	(600,000)

Conditions still to be met transferred to liabilities (see note 18)

-	-
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Funds provided to the Municipality to finance the cost of sidewalks.

31. 20 Proclaimed Roads Subsidies

Balance unspent at beginning of year	-	-
Current year receipts	172,000	172,000
Conditions met - transferred to revenue	(172,000)	(172,000)

Conditions still to be met transferred to liabilities (see note 18)

-	-
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Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs is partly recoverable from the Administration.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****31. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued) (continued)**

	2013 R	2012 R
31. 21 Purchase of land: ECD Facility		
Balance unspent at beginning of year	-	-
Current year receipts	-	250,000
Conditions met - transferred to revenue	-	(250,000)
Conditions still to be met transferred to liabilities (see note 18)	-	-

Funds provided by the Provincial Administration for the purchase of land to erect a facility for Early Childhood Development.

31. 22 Sondeza

Balance unspent at beginning of year	-	-
Current year receipts	100,000	100,000
Conditions met - transferred to revenue	(100,000)	(100,000)
Conditions still to be met transferred to liabilities (see note 18)	-	-

Funds received from PAWC for the hosting of a Youth Camp.

31. 23 Thusong Centre: Operational Support

Balance unspent at beginning of year	-	-
Current year receipts	218,000	-
Conditions met - transferred to revenue	(218,000)	-
Conditions still to be met transferred to liabilities (see note 18)	-	-

Funds allocated and expended in connection with the operations of the Thusong Centre.

31. 24 Thusong Centre

Balance unspent at beginning of year	500,000	-
Current year receipts	-	500,000
Conditions met - transferred to revenue	(500,000)	-
Conditions still to be met transferred to liabilities (see note 18)	-	500,000

Funds allocated and expended in connection with expanding and renovating the Thusong Centre.

31. 25 Upgrading Netball Courts

Balance unspent at beginning of year	-	-
Current year receipts	200,000	-
Conditions met - transferred to revenue	(185,765)	-
Conditions still to be met transferred to liabilities (see note 18)	14,235	-

Funds allocated and expended for the upgrading the Moorreesburg Netball Courts.

31. 26 Financial Management Support Grant (Standards)

Balance unspent at beginning of year	28,816	-
Current year receipts	300,000	300,000
Conditions met - transferred to revenue	(328,643)	(271,184)
Conditions still to be met transferred to liabilities (see note 18)	173	28,816

Funds that were allocated and spend are utilised to determine financial ratios for future benchmarking in Municipalities.

31. 27 Water Pump Station: Moorreesburg

Balance unspent at beginning of year	-	-
Current year receipts	-	616,595
Conditions met - transferred to revenue	-	(616,595)
Conditions still to be met transferred to liabilities (see note 18)	-	-

Expenditure incurred by the Municipality in connection with the upgrading of a Water Pumpstation in Moorreesburg.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
31. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
<i>31. 28 Westbank Rectification</i>		
Balance unspent at beginning of year	-	-
Current year receipts	2,171,092	-
Conditions met - transferred to revenue	(2,171,092)	-
Conditions still to be met transferred to liabilities (see note 18)	-	-

Funds have been allocated to the municipality for the upgrade of certain houses in the Swartland region. These houses belong to private owners whom required assistance from government. The buildings were in a bad condition and required urgent repairs/ maintenance to its floors, roofs, etc.

<i>31. 29 Equitable Share</i>		
Balance unspent at beginning of year	-	-
Current year receipts	26,752,000	22,424,000
Transferred from Municipal Systems Improvement Grant	-	463,000
Conditions met - transferred to revenue	(26,752,000)	(22,887,000)
Conditions still to be met transferred to liabilities (see note 18)	-	-

In terms of the Constitution, article 227 (1) (a) a Municipality is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. This unconditional grant is used primarily to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant. No funds were withheld.

31. 30 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

32. CONTRIBUTIONS AND DONATIONS*Public Contributions and donations*

Fanie Malherbe: Illinge Lethu Gym	150,000	-
Douglas Wheatly Familie Trust: Traffic Circle	-	-
C J Pretorius Family Trust: Traffic Circle	-	-
Spatial Development Plan	-	147,265

Total: Public Contributions and donations	150,000	147,265
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Other

National Lottery	484,000	49,904
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Total: Other	484,000	49,904
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Total: Contributions and donations	634,000	197,169
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32. 1 Fanie Malherbe: Illinge Lethu Gym

Balance unspent at beginning of year	-	-
Current year receipts	150,000	-
Conditions met - transferred to revenue	(150,000)	-

Conditions still to be met transferred to liabilities (see note 18)	-	-
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Contribution towards the construction of the Illinge Lethu gym.

32. 2 Douglas Wheatly Familie Trust: Traffic Circle

Balance unspent at beginning of year	-	-
Current year receipts	12,717	-
Conditions met - transferred to revenue	-	-

Conditions still to be met transferred to liabilities (see note 18)	12,717	-
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Contribution towards the construction of a traffic circle in Yzerfontein.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
32. CONTRIBUTIONS AND DONATIONS (continued)		
<i>32. 3 C J Pretorius Family Trust: Traffic Circle</i>		
Balance unspent at beginning of year	60,000	-
Current year receipts	180,000	60,000
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 18)	240,000	60,000
Contribution towards the construction of a traffic circle in Yzerfontein.		
<i>32. 4 Spatial Development Plan</i>		
Balance unspent at beginning of year	-	147,265
Current year receipts	-	-
Conditions met - transferred to revenue	-	(147,265)
Conditions still to be met transferred to liabilities (see note 18)	-	-
Donations received from the public for Spatial Development.		
<i>32. 5 National Lottery</i>		
Balance unspent at beginning of year	930,193	-
Current year receipts	-	2,455,000
Conditions met - transferred to revenue	(484,000)	(49,904)
Conditions met - transferred to debtors	-	(1,474,903)
Conditions still to be met transferred to liabilities (see note 18)	446,193	930,193
Funds allocated for the establishment and upgrading of sport facilities.		
33. OTHER REVENUE		Restated
Included in other income is the following:-		
Administration Costs	56,534	60,657
Admission Fees: Malmesbury	102,004	108,989
Application: Service Connections	153,959	165,170
Blockages: Sewerage	272,672	324,481
Bulk Waste Dumping	858,024	779,605
Capital Contribution (Developers): Fixed	336,377	334,061
Cemetery Fees: Darling	71,086	65,071
Cemetery Fees: Malmesbury	119,973	143,558
Cemetery Fees: Moorreesburg	130,387	148,987
Clearance Certificates	106,267	74,947
Commission: Collections	61,062	50,929
Contribution Parking Areas	115,918	103,944
Credit Card Cost: Recoverable	89,733	68,575
Day Visitors	53,061	-
Deviation of Building Regulation	133,003	100,465
Discount: Fuel	61,270	70,345
Efficiency Development	473,503	530,842
Entrance Fees Boats	158,877	218,935
Entrance Fees: Rubber Ducks	52,913	50,790
Escorts: Heavy Vehicles	-	-
Excess Payment: Insurance Claims	204,989	-
Film Shooting	98,048	76,754
Industrial Sewerage	3,399,353	4,182,184
New Connections	1,058,765	1,310,545
Photostats	113,085	123,569
Plan fees: Buildings	1,338,592	976,994
Plan Fees: Unauthorized Building	191,703	172,796
Private Work	80,401	-
Rates: Lessees	123,621	118,618
Refuse Coupons: Malmesbury	172,426	171,710
Refuse Coupons: Moorreesburg	59,106	58,957
Rezoning	54,554	-
Selling: Purified Sewerage Water	1,603,793	1,201,708
Special Waste Dumping	656,717	900,999

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****33. OTHER REVENUE (continued)**

Street Entrances and Pavements	90,235	71,582
Deposits Forfeited	-	1,728,836
Valuation Certificates	50,923	54,287
Wonderbags	72,600	82,100
Housing Scheme/Private Organisations Loan Instalments	202,932	212,434
Other (less than 50 000)	649,010	669,859
Total Other Income	13,627,476	15,514,283

The amounts disclosed above for Other Income are in respect of services rendered, other than described in Notes 3 and 4, which are billed to or paid for by the users according to approved tariffs.

34. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	70,514,354	65,337,048
Employee related costs - Contributions for UIF, pensions and medical aids	19,483,027	18,243,594
Travel, motor car, accommodation, subsistence and other allowances	10,527,974	10,083,041
Housing benefits and allowances	441,009	472,836
Overtime payments	4,214,022	3,910,082
Bonuses: 13th Cheque	5,588,555	5,173,151
Contribution to Leave Gratuity	601,749	1,235,656
Contribution to provision for post- retirement medical aid benefits:	10,956,679	4,791,073
<i>Current service cost</i>	1,597,772	1,184,279
<i>Interest cost</i>	2,162,795	2,203,635
<i>Actuarial (gains)/losses</i>	7,196,112	1,403,159
Contribution to long-service provision	3,122,874	1,288,648
Total Employee Related Costs	125,450,243	110,535,129

No advances were made to employees.

Remuneration of the Municipal Manager

Annual Remuneration	992,446	899,792
Car Allowance	215,552	220,886
Cell Phone Allowance	13,200	-
Long-service award	-	46,138
Other	19,862	372
Contributions to UIF, Medical and Pension Funds, etc.	216,013	198,722
Total	1,457,073	1,365,910

Remuneration of the Chief Finance Officer

Annual Remuneration	631,806	573,527
Car Allowance	238,880	213,748
Cell Phone Allowance	13,112	-
Leave Pay	32,673	30,725
Other	10,342	641
Contributions to UIF, Medical and Pension Funds, etc.	147,182	139,359
Total	1,073,995	958,000

Remuneration of Individual Executive Directors**30 June 2013**

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
Annual Remuneration	625,416	650,076	604,786	628,602	590,109
Car Allowance	65,949	87,600	158,252	136,720	176,854
Cell Phone Allowance	5,796	11,942	12,103	11,658	9,978
Long-service award	-	-	45,176	167,197	-
Leave Pay	-	-	-	-	30,223
Other	-	492	24,051	444	40
Contributions to UIF, Medical and Pension Funds, etc.	158,449	161,101	169,487	160,860	160,888
Total	855,610	911,211	1,013,855	1,105,481	968,092

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
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34. EMPLOYEE RELATED COSTS (continued)*Remuneration of Individual Executive Directors (continued)***30 June 2012**

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
Annual Remuneration	581,481	595,681	549,700	573,517	535,026
Car Allowance	60,177	84,945	169,252	141,731	183,185
Long-service award	-	47,535	-	-	-
Leave Pay	-	54,450	55,827	-	28,019
Other	-	-	-	-	512
Contributions to UIF, Medical and Pension Funds, etc.	148,776	149,530	158,379	150,067	147,881
Total	790,434	932,141	933,158	865,315	894,623

**2013
R** **2012
R**

The following accrued to key management personnel in terms of IAS 19 as at 30 June:

Post Retirement Medical Aid Benefit Liability:

Municipal Manager	200,060	111,505
Chief Financial Officer	263,213	131,602
Executive Director: Corporate Services	112,422	67,522
Executive Director: Civil Engineering Services	326,226	190,912
Executive Director: Electrical Engineering Services	452,464	195,373
Executive Director: Development Services	335,272	174,919
Executive Director: Protection Services	213,268	124,607
Total	1,902,925	996,440

Long Service Awards Liability

Municipal Manager	178,352	67,774
Chief Financial Officer	161,094	60,823
Executive Director: Corporate Services	150,745	106,390
Executive Director: Civil Engineering Services	101,971	-
Executive Director: Electrical Engineering Services	36,524	55,611
Executive Director: Development Services	178,024	111,762
Executive Director: Protection Services	92,872	38,974
Total	899,582	441,334

Staff leave

Municipal Manager	214,437	193,223
Chief Financial Officer	83,315	98,609
Executive Director: Corporate Services	120,666	110,724
Executive Director: Civil Engineering Services	130,923	126,678
Executive Director: Electrical Engineering Services	254,580	180,126
Executive Director: Development Services	253,041	220,549
Executive Director: Protection Services	77,068	93,864
Total	1,134,030	1,023,773

35. REMUNERATION OF COUNCILLORS

Executive Mayor	408,233	394,176
Deputy Executive Mayor	323,882	312,336
Speaker	61,960	274,553
Mayoral Committee Members	1,203,584	1,167,504
Councillors	1,921,160	1,720,096
Councillor's - pension contribution	587,867	581,774
Councillor's - medical aid contribution	334,356	395,254
Councillor's - travelling allowances	1,533,284	1,456,177
Councillor's - telephone allowances	328,898	317,309
Total Councillors - Remuneration	6,703,224	6,619,179

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	R	R

35. REMUNERATION OF COUNCILLORS (continued)**In-kind Benefits**

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

36. DEPRECIATION AND AMORTISATION**Restated**

Depreciation: Property, Plant and Equipment (Refer note 8)	71,324,655	66,376,669
Amortisation: Intangible Assets (Refer note 10)	117,814	69,406
Depreciation: Investment Property (Refer note 11)	1,556,185	49,751

Total Depreciation and Amortisation

72,998,654	66,495,826
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37. INTEREST PAID

Long-term liabilities	8,438,417	5,183,251
Finance Leases	47,518	71,471

Total Interest on External Borrowings

8,485,935	5,254,722
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38. BULK PURCHASES

Electricity	117,785,103	104,522,229
Water	19,627,492	18,036,122

Total Bulk Purchases

137,412,595	122,558,351
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Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the West Coast District Municipality.

39. GRANTS AND SUBSIDIES PAID

* Darling Focus	40,000	40,000
* Huis van Heerde	25,000	25,000
SPCA	168,540	168,540
* ECD Centres	-	40,000
* Elkana Childcare	45,000	45,000
* Multi Purpose Centre: Illinge Lethu	37,717	42,327
* Multi Purpose Centre: Kalbaskraal	26,423	4,469
* Multi Purpose Centre: Moorreesburg	40,000	-
Museum - Malmesbury	45,320	41,200
Museum - Darling	45,320	41,200
Museum - Oude Kerk	45,320	41,200
Museum - Wheat Industry	45,320	41,200
National Sea Rescue Institute	-	30,000
* Night Shelter	25,000	25,000
* Jo Dolphin	20,000	20,000
Tourism Swartland and Coastal Area	633,717	575,619
Yzerfontein Conservancy	50,000	50,000

Total Grants and Subsidies

1,292,677	1,230,755
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Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality do not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

* The aim of **these organisations** entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

Museums generally do not generate sufficient income from own resources, and are therefore dependant on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	R	R

39. GRANTS AND SUBSIDIES PAID (continued)

The **National Sea Rescue Institute (NSRI)** is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations as the Municipality cannot offer this essential service.

Aware of the importance of the promotion of tourism in the area falling under the Municipality, the Council deems it their duty and privilege to assist financially towards the needs of the various **tourism bureau's** serving the area.

The **Yzerfontein Urban Conservancy** came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

40. RESEARCH AND DEVELOPMENT COSTS

Electricity	-	-
Water	150,000	100,000
Sewerage	224,504	130,989
Refuse	-	-
Total Research and Development Costs	374,504	230,989

Research and Development Costs disclosed above, have been expensed immediately and are in respect of research into the future needs of the municipality and new resources to fulfil these needs.

41. GENERAL EXPENSES**Restated**

Included in general expenses is the following:-

Actuarial Costs	18,950	18,950
Abbotsdale Private Sewerage Connections	-	2,651,992
Administration Costs: Vehicles	98,299	89,573
Advertisements	469,509	528,880
Audit Committee Expenditure	55,531	51,371
Audit Costs	1,630,736	1,501,937
Bank costs	456,164	755,700
Cellphone Costs	365,825	366,030
Chatsworth Housing	-	419,298
Chemicals	941,387	1,084,340
Cloaks	-	26,250
Commission	1,113,517	1,255,241
Compliance	-	240,250
Connection Fees	742,329	939,008
Connection Fees: Eskom	-	1,381,102
Consumables	512,148	483,407
Delegations/Congresses	59,678	64,935
Demolitions	-	309,125
Disaster Management	139,817	71,479
Efficiency Development	967,964	867,395
Electricity: Eskom	507,721	-
Entertainment	32,108	36,168
Evaluation of Posts	2,237	-
Environmental Legislation	182,018	-
Fuel and Oil	5,655,456	5,208,088
Operating Lease Expenditure	84,200	115,682
Insurance	605,236	812,606
Inventory: Tools and Equipment	80,565	51,329
LED Projects: Red Door	-	144,675
Legal Fees	414,486	610,915
Licenses: Computer Systems	1,109,116	1,134,853
Magistrate Fees	219,042	-
Masterplanning: Services	374,504	230,989
Mayor Expenses	5,866	463
Membership Fees: Council	1,060,728	649,338
Occupational Rent: Chatsworth	779,342	-
Planning: Roads and Stormwater	249,549	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	R	R
41. GENERAL EXPENSES (continued)		
Paperwork: Integrated Waste Management Plan	350,000	-
Postage	761,632	701,740
Printing and Stationery	604,766	581,114
Programming: Spreadsheets	28,881	-
Projects	246,371	346,424
Protective Clothing	763,242	696,338
Protective Clothing: Contract Workers	64,563	-
Refreshments: Offices	136,445	152,821
Rental of Facilities and Hiring of Equipment	8,539	124,776
Rent Offices : Pep Building	355,352	-
Rent Offices : Sanlam Building	178,357	-
Security Services	716,373	846,383
Subscriptions	8,649	74,992
Support: Financial System	315,149	-
Support: Electronic Document Management	440,000	-
Support: Human Resources System	13,454	-
Support: Strategic Management System	55,000	-
Support: Prepaid Electricity System	24,409	-
Survey Costs	255,195	-
Telecommunications	801,144	841,717
Test Station Inspection Fees	15,012	30,492
Testing Sewerage	365,609	312,166
Town Planning	251,300	-
Traffic Fines	2,667,804	3,082,317
Training	-	134,591
Travelling Costs	1,073,307	426,868
Valuations	246,793	-
Valuations - Supplementary	278,631	-
Valuations: Insurance	86,970	-
Youth Camp (Africa Union)	354,719	347,265
Wonderbags	92,741	-
Government Grant Expenditure	3,729,514	10,602,713
Other	2,228,290	6,971,679
Total General Expenses	36,452,239	48,375,765

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and is not directly attributable to a specific service or class of expense.

42. CASH GENERATED BY OPERATIONS

		Restated
Surplus/(Deficit) for the year	(1,682,930)	(17,079,384)
<i>Adjustment for:</i>		
Depreciation and Amortisation	72,998,654	66,495,826
Gain on donated property, plant and equipment	(1,550,109)	-
Donated property, plant and equipment	(80,875)	(4,606)
(Gain)/Loss on disposal of property, plant and equipment	2,054,221	3,359,481
Impairment	2,146,928	-
Increase/(Decrease) in provisions	12,307,995	4,958,411
Increase/(decrease) in consumer deposits	609,256	495,201
Investment income	(9,917,496)	(10,609,144)
Interest paid	8,485,935	5,254,722
Operating surplus before working capital changes:	85,371,579	52,870,507
(Increase)/decrease in inventories	(1,983,094)	(32,064)
(Increase)/decrease in exchange transactions	(4,385,037)	(4,509,616)
(Increase)/decrease in non- exchange transactions	2,015,307	1,736,668
(Decrease)/increase in unspent conditional grants and receipts	(1,982,190)	1,482,513
Increase/(Decrease) in net operating leases	11,344	12,168
Increase/(Decrease) in creditors	1,680,300	2,294,362
Increase/(Decrease) in VAT	762,148	(73,373)
Cash generated by/(utilised in) operations	81,490,357	53,781,165

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	R	R

43. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The Municipality was engaged in exchange transactions of non- monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

44. FINANCING FACILITIES

Unsecured Bank Overdraft Facility, reviewed annually and payable at call:

- Amount used	-	-
- Amount unused	1,000,000	1,000,000
	1,000,000	1,000,000

45. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 21)	146,722,853	153,508,284
Used to finance property, plant and equipment - at cost	146,722,853	153,508,284
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	5,244,094	6,825,690
Cash invested for repayment of long-term liabilities	5,244,094	6,825,690

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that the upcoming annual payment for long-term liabilities can be made.

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**46. 1 Unauthorised expenditure**

Opening Balance	8,263,868	-
Unauthorised capital expenditure in the current year	1,216,172	3,808,563
Unauthorised operating expenditure in the current year	6,578,523	4,455,305
	16,058,563	8,263,868
Less: Approved/Condoned by Council in respect of the previous financial year	(8,263,868)	-
Less: Approved/Condoned by Council in respect of the current financial year	-	-
Unauthorised expenditure awaiting authorisation	7,794,695	8,263,868

Unauthorised expenditure to the value of R 9 641 810 occurred as a result of overspending on several votes of the budget. These over expenditure amounts are not recoverable and will be tabled before council for approval or condonement in January 2014 when the adjustment budget will be tabled.

46. 2 Fruitless and wasteful expenditure

Opening Balance	12,188	-
Fruitless and wasteful capital expenditure in the current year	-	-
Fruitless and wasteful operating expenditure in the current year	-	12,188
	12,188	12,188
Less: Approved/Condoned by Council in respect of the previous financial year	(12,188)	-
Less: Approved/Condoned by Council in respect of the current financial year	-	-
Fruitless and wasteful expenditure awaiting authorisation	-	12,188

SARS conducted an audit in 2012 for the years 2008/2009 as well as 2009/2010 and discovered that VAT was claimed whilst the vendor was not registered for VAT. An amount of R 12 188 in respect of interest was raised by SARS. No action was taken as no wilful misconduct occurred.

This incident was approved by Council on 10 October 2012 and authorised to be written- off.

46. 3 Irregular expenditure

To the best of knowledge instances of note indicating that irregular expenses was incurred during the year under review were not revealed.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT****47. 1 Contributions to organized local government**

Opening balance	225,659	-
Council subscriptions	1,049,985	651,330
Amount paid - current year	(980,984)	(425,671)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	294,660	225,659

47. 2 Audit fees

Opening balance	-	-
Current year audit fee	1,859,039	1,712,208
Amount paid - current year	(1,859,039)	(1,712,208)
Amount written back - previous years	-	-
Balance unpaid (included in creditors)	-	-

47. 3 VAT

VAT input receivables and VAT output payables are shown in note 19 and 26. All VAT returns have been submitted by the due date throughout the year.

47. 4 PAYE, UIF and SDL

Opening balance	-	-
Current year payroll deductions	14,657,407	13,049,969
Amount paid - current year	(14,657,407)	(13,049,969)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

47. 5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	28,863,776	25,436,852
Amount paid - current year	(28,863,776)	(25,436,852)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

47. 6 Councillor's arrear consumer accounts

During the financial year under review no Councillor was in arrear with the settlement of their municipal accounts.

47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents as listed beloww have been condoned.

Incident	Reasons submitted for non-compliance	Amount (excluding
Appointment of <i>Mailing and Mechanisations Cape cc</i> for the replacement of the Franking machine. Item 8.4 of minutes of the Executive Mayoral Committee held on 18 July 2012	The prescribed procurement process was followed by obtaining three quotations for the supply of a franking machine for Swartland Municipality. Although the price quoted by <i>Mailing and Mechanisations Cape cc</i> was 6.1% higher than the lowest quotation received, they were appointed due to them being the sole supplier of this machine in the Western Cape. The maintenance of the machine not being included in either of the three quotations received makes it impractical to accept one of the other two firms as they are both from the Gauteng Province and travelling costs will have an influence on the future maintenance costs. Due to Mailing and Mechanisations Cape cc being the previous supplier of the franking machine the balance to an amount of R35 855.00 on the old machine could be transferred to the new machine.	R 47 416.22

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding
Appointment of <i>Nelson Mandela Metropolitan University</i> for Law Enforcement training for Credit Control Officers. Item 7.2 of minutes of the Executive Mayoral Committee held on 15 August 2012	According to the Municipality's Integrated Development Plan and Government requirements, Law Enforcement training for the Credit Control Officers has been identified. The municipality deviated from the normal supply chain procedures and appointed the <i>Nelson Mandela Metropolitan University</i> for the training as they are the only institution providing this training.	R 39 608.50
Appointment of <i>Inenzo Water</i> for the repair of the Airrater at the Sewerage Works. Item 7.17 of minutes of the Executive Mayoral Committee held on 15 August 2012	Due to an emergency <i>Inenzo Water</i> was appointed to repair the airrater at the Sewerage Works. The urgent repair was essential for the sewerage process and therefore an informal tender process could not be followed as the relevant advertisement takes 12 days. A quotation was obtained from Inenzo Water on request as they were the only contractor that were available on the day to repair the airrater. The cost of the repairs, supplying of materials and installation amounted to R41 710.00 (vat exclusive) was acceptable and sufficient funds were available in the network maintenance budget.	R 41 710.00
Appointment of <i>Optron Geomatics</i> for the purchase of GPS device and software. Item 7.13 of minutes of the Executive Mayoral Committee held on 1 October 2012	The municipality deviated from the prescribed supply chain procedures by not obtaining other formal tenders for equipment and software to ensure accurate GPS data for the following practical and technical reasons: (i) The current equipment and software (Trimble) for the municipality's GPS system had previously been provided by Optron Geomatics and Optron Geomatics being the sole supplier in South Africa. (ii) These products in use will thus also be upgraded accordingly. (iii) It will be impractical to install a second GPS system provided by other service providers. Optron Geomatics quoted an acceptable price of R84 902.64 (vat inclusive).	R 74 476.00
Appointment of <i>Peninsula Pipeline Services</i> for the specialised service of clearing and rebuilding of a sewerage pipeline. Item 7.14 of minutes of the Executive Mayoral Committee held on 10 October 2012	Due to an emergency the Municipality deviated from the normal supply chain procedures by obtaining the services of a specialist as conventional methods could not be used to clear an obstruction in the sewerage pipeline. The expansion of the old Pasta factory resulted in a part of the sewerage pipeline being located underneath the plant and therefore a camera inspection had to be performed to identify the location of the blockage. Peninsula Pipeline Services was appointed as emergency repairs needed to be done to prevent further pollution. Insufficient funds were available for the abnormal repairs as the quotation of R 177 050.00 (excl VAT) received was more than the amount of R40 000.00 that was originally budgeted for these repairs. The Chief Financial Officer authorised the overspending and the rectification through the adjustments budget.	R 177 050.00

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding
Appointment of <i>Michael Basson - Treemaster</i> for the clearing of tree's in Illinge Lethu, Malmesbury. Item 7.15 of minutes of the Executive Mayoral Committee held on 10 October 2012	The Municipality deviated from the normal supply chain procedures as the urgent removal of extremely high and very old Eucalyptus trees were necessary for the safety of the community in Illinge Lethu. A specialised service was required due to the high operational risks involved in the removal of these trees. The obtaining of such a specialised service on short notice in Malmesbury resulted in Michael Basson from Treemaster being appointed as they are the only suppliers with appropriate skills and equipment to provide the service in the area. The quotation to the amount of R49 000.00 for 18 trees was acceptable and sufficient funds were available in the budget.	R 49 000.00
Appointment of <i>Nelson Mandela Metropolitan University</i> for Law Enforcement training for Meter Readers. Item 7.9 of minutes of the Executive Mayoral Committee held on 14 November 2012	According to the Municipality's Integrated Development Plan and Government requirements, Law Enforcement training for the Credit Control Officers had been identified. The municipality deviated from the normal supply chain procedures and appointed the Nelson Mandela Metropolitan University for the training as they are the only institution providing this training.	R 22 792.54
Appointment of <i>Ajabu Promotions</i> for branded clothing. Item 7.10 of minutes of the Executive Mayoral Committee held on 14 November 2012	Ajabu Promotions was appointed for the supply of branded clothing to Swartland Municipality for the Sondeza 2012 Camp without the prescribed procurement process being followed. This was due to the sizes of the clothing not being known in advance that quotations could not be obtained earlier. It is impractical to follow the informal tender process by advertising the rendering of the service for at least seven days as a service provider will not have sufficient time to purchase the clothing and affix the logo. Ajabu Promotions is known to the Municipality for their quality clothing and capability of delivering the service on short notice. The quotation of Ajabu Promotions was acceptable and they committed themselves to deliver the clothing prior to the camp's commencement on 30 November 2012.	R 34 452.06
Appointment of <i>Power Transformers</i> for the supply and installation of a high voltage unit. Item 7.11 of minutes of the Executive Mayoral Committee held on 14 November 2012	<i>Power Transformers</i> was appointed to supply and replace a high voltage metering unit which is essential for the supply and accurate measuring of electricity to Roelcor Meat Processors. An informal tender process could not be followed and only one quotation was obtained due to the urgency to prevent further financial - and/or other losses. A quotation was provided by <i>Power Transformers</i> on request and in respect of their availability to replace and repair the high voltage unit immediately, their quotation was accepted. The cost of the repairs, supplying of materials and installation amounted to R30 575.00 (VAT exclusive). The price was acceptable and sufficient funds were available in the network maintenance budget.	R 30 575.00

SWARTLAND MUNICIPALITY**NOTES TO THE FINANANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding
Appointment of <i>Telkom</i> for the upgrade and installation of Broadband for e-mail. Item 7.12 of minutes of the Executive Mayoral Committee held on 14 November 2012	The prescribed procurement process was not followed for the upgrading of an existing broadband line as Telkom was the supplier of this service and the software thereof and it would be impractical to obtain the service from other suppliers. Although quotations for this service could be obtained from other service providers, Telkom are the sole supplier of the Diginet Telkom line. Telkom quoted a once off installation fee of R2 394.00 and a monthly fee of R8 161.26 (VAT inclusive) on a 36 month contract, for which sufficient provision was made in the current operational budget.	R 8 161.26 pm on a 36 month contract plus a once-off Installation Fee of R 2 394.00.
Appointment of <i>Fire Raiders</i> for the repair and installation of a water tank on a fire fighting vehicle. Item 7.13 of minutes of the Executive Mayoral Committee held on 13 December 2012	The Municipality deviated from the normal supply chain procedures, due to an emergency repair to the water tank on fire fighting vehicle CK27542. The supplier of the vehicle in 2008, Fire Raiders was requested to perform an inspection to identify the cause of the water leakage and they also gave a quotation for the repair of the burst water tank. Due to this vehicle being an essential part of the fire fighting service and already being dismantled during the inspection process, Fire Raiders was appointed to repair the water tank. The cost for the repair was acceptable and sufficient funds were available in the maintenance budget.	R 38 450.63
Appointment of <i>ASLA DEVCO</i> for the repair of burnt down houses in Malmesbury, Abbotsdale and Moorreesburg. Item 7.12 of minutes of the Executive Mayoral Committee held on 10 April 2013	Due to the unique patent and building method used by ASLA DEVCO for the erection of low cost houses and them also being responsible for the building of the relevant houses, ASLA DEVCO was appointed to rebuild the three burnt down houses on Erf 8022 Malmesbury, Erf 516 Abbotsdale and Erf 4938 Moorreesburg. The Municipality deviated from the normal supply chain procedures by not obtaining other formal tenders for the above practical and technical reasons as well as ASLA DEVCO having the skills and ability to rebuild the houses at the lowest cost.	R 10 000.00 per case.
Appointment of Maxal Projects for the installation of a Chloor dosing system funded by the <i>Department of Waterworks</i> . Item 7.13 of minutes of the Executive Mayoral Committee held on 10 April 2013	The installation of bulk water meters resulted in a necessitated change in the layout of the chlorination system for drinking water due to the potential risk of damage to the reservoir and decreasing in the lifespan of the meters. Swartland Municipality therefore deviated from the prescribed procurement process for the supply of an additional chlorine dosing device for the following practical and technical reasons: (i) Due to the limited time in which the external funding was available as the Department of Water Affairs authorised that the costs of the second chlorine dosing device could be funded from the Accelerated Community Infrastructure Programme on condition that it is spent prior to their yearend in March. (ii) The Contractor responsible for the installation of the first chlorine dosing device is also appointed to install the additional device to ensure technical uniformity and workmanship.	R 38 158.00

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding
Appointment of Babcock Equipment for the repairs to Loader CK 34487 of Cleaning Services. Item 7.16 of minutes of the Executive Mayoral Committee held on 12 June 2013	The prescribed supply change management process was not followed for the repair of R128 626.62 (excluding VAT) to the loader CK 34487 of Cleaning Services for the following technical and practical reasons: (i) The Volvo Loader was purchased from Babcock Equipment in 2010 and they are the sole supplier for Volvo equipment in the Western Cape. (ii) It would be impractical to appoint another supplier as it can have a negative effect on the warranty of the previous work done by Babcock Equipment.	R 128 626.62
Appointment of Dogs and All for safekeeping and housing of three sniffer dogs of the Swartland Municipal Police unit. Item 8.18 of minutes of the Executive Mayoral Committee held on 18 Julie 2012	Due to Dogs and All being the only supplier of this service in the Swartland Municipal area and the accommodation of the dogs considered as an emergency, the prescribed procurement procedures were not followed.	R 55 500.00
Appointment of ASLA DEVCO for the rebuilding of two fire damaged low cost house sin Riebeek Kasteel. Item 7.19 of minutes of the Executive Mayoral Committee held on 15 August 2012	The Municipality deviated from the normal supply chain procedures by not obtaining other formal tenders for the rebuild of two burnt down houses in Riebeek Kasteel, due to the unique patent and building method used by ASLA DEVCO for the erection of low cost houses and them also being responsible for the building of the relevant houses.	R 111 492.00
Appointment of Westland Civils for the repair to one of the main sewerage drain canals at Dieprivier, Malmesbury. Item 7.18 of minutes of the Executive Mayoral Committee held on 15 August 2012	Due to damage to one of the main sewerage drain canals resulting in large volumes of sewerage flowing into the river, Westland Civils was appointed without following the normal supply chain management process. The case was treated as an emergency to prevent further pollution whereby raw sewerage is running into the river. Westland Civils is a local civil contractor and could immediately start with the repairs.	R 79 200.00
Appointment of Peninsula Pipeline Services for the repair to the main sewerage pipeline on erf 7696 Malmesbury Item 7.9 of minutes of the Executive Mayoral Committee held on 13 March 2013	The Municipality deviated from the normal supply chain procedures by not obtaining other formal tenders for the repair of the main sewerage pipeline, due to the following reasons: (i) Emergency repairs were required to prevent further pollution; and (ii) To limit the disruption of an essential service. Sufficient funds were available in the maintenance budget for the repair and Peninsula Pipeline Services was appointed.	R 210 330.00

	2013	2012
	R	R
47. 8 Material Losses		
Electricity distribution losses		
Units purchased (Kwh)	183,787,433	184,795,830
Units sold (Kwh)	173,033,795	172,041,597
Units lost during distribution (Kwh)	10,753,638	12,754,232
Percentage lost during distribution	5.85	6.90
Water distribution losses		
Kiloliters purchased	5,507,378	5,512,364
Kiloliters sold	4,557,927	4,688,814
Kilolitres lost during distribution	949,451	823,550
Percentage lost during distribution	17.24	14.94

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
48. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	10,192,689	38,576,473
Infrastructure	9,444,750	37,503,776
Other	747,939	1,072,697
- Approved but not yet contracted for	73,284,759	46,815,493
Infrastructure	55,526,905	31,334,433
Other	17,757,854	15,481,060
Total	83,477,448	85,391,966
This expenditure will be financed from:		
- External Loans	8,948,655	22,947,970
- Capital Replacement Reserve	31,660,793	43,284,996
- Government Grants	42,018,000	17,670,000
- Lotto	850,000	1,339,000
- Donation	-	150,000
	83,477,448	85,391,966

The second half of this disclosure note relating to "amounts not yet contracted for" and financing sources is additional information and not a GRAP requirement.

49. FINANCIAL INSTRUMENTS**49.1 Classification****Restated****Financial Assets**

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:

Long-term Receivables

Loans to Public Organisations	Financial assets at amortised cost	228,899	242,703
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Finance Lease Receivables

Housing Selling Scheme Loans	Financial assets at amortised cost	168,516	215,458
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Trade and other receivables from exchange transactions

Electricity	Financial assets at amortised cost	21,280,886	19,558,873
Water	Financial assets at amortised cost	5,828,637	5,069,168
Sewerage	Financial assets at amortised cost	4,510,080	3,666,163
Refuse Removal	Financial assets at amortised cost	3,809,409	2,766,947
Housing Rentals	Financial assets at amortised cost	96,904	86,160
Other Debtors	Financial assets at amortised cost	37,751,093	33,366,056

Trade and other receivables from non-exchange transactions

Rates	Financial assets at amortised cost	8,094,266	7,192,890
Insurance claims	Financial assets at amortised cost	-	31,217
Government grants and subsidies	Financial assets at amortised cost	71,235	1,803,835
Sundry debtors	Financial assets at amortised cost	866,037	1,990,561

Current Portion of Long-term Receivables

Loans to Public Organisations		13,805	12,416
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Current Portion of Finance Lease Receivables

Housing Selling Scheme Loans	Financial assets at amortised cost	10,552	11,005
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Bank Balances and Cash

Short-term Investments	Financial assets at amortised cost	-	-
Bank Balances	Financial assets at amortised cost	210,113,153	219,192,069
Cash Floats and Advances	Financial assets at fair value	16,030	18,730

Total Financial Assets		292,859,502	295,224,251
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SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****49. FINANCIAL INSTRUMENTS (continued)****49.1 Classification (continued)****Financial liabilities**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:

Long-term Liabilities

Annuity Loans	Financial liabilities at amortised cost	141,211,854	146,290,038
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Consumer Deposits

Electricity and Water	Financial liabilities at fair value	6,896,298	6,287,042
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Creditors

Trade creditors	Financial liabilities at amortised cost	32,422,109	29,785,959
Retentions	Financial liabilities at amortised cost	596,976	1,876,221
Staff leave	Financial liabilities at amortised cost	6,333,471	6,242,210
Other creditors	Financial liabilities at amortised cost	3,600,578	3,342,095

Current Portion of Long-term Liabilities

Annuity Loans	Financial liabilities at amortised cost	5,118,444	6,512,480
Capitalised Lease Liability	Financial liabilities at amortised cost	125,650	313,210

Total Financial Liabilities

196,305,380	200,649,255
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49.2 Fair Value of Financial Instruments

Financial instruments at fair value are measured using valuation techniques based on observable inputs, i.e. as prices, or indirectly, i.e. derived from prices. (Level 2 of fair value hierarchy).

49.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged since 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 21, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 6 and 25 and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

Debt	146,722,853	153,508,284
Bank Overdraft	-	-
Net Debt	146,722,853	153,508,284
Equity	1,796,693,555	1,798,460,857
Net debt to equity ratio	8.17 %	8.54 %

Debt is defined as Long- and Short-term Liabilities as detailed in Note 21.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

49.4 Financial Risk Management Objectives

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

49.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****49. FINANCIAL INSTRUMENTS (continued) (continued)****49. 6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

49. 7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates.

49. 8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 44 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative **financial liabilities**. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2013

Description	Average effective Interest Rate	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
INTEREST-BEARING INSTRUMENTS					
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		11,092,609	9,094,345	18,188,691	38,375,645
Development Bank	9.670	150,640	150,640	301,280	602,560
Development Bank	9.575	2,498,565	2,498,565	4,997,130	9,994,260
INCA	11.600	1,998,264	-	-	1,998,264
Development Bank	10.665	4,269,156	4,269,156	8,538,312	17,076,624
Sanlam	10.960	2,175,984	2,175,984	4,351,969	8,703,937
VARIABLE RATE INSTRUMENTS					
Unsecured Bank Facilities		40,883	39,608	76,337	156,828
Development Bank	8.375	40,883	39,608	76,337	156,828
Total Interest-bearing Instruments		11,133,492	9,133,953	18,265,028	38,532,473
NON-INTEREST-BEARING					
Current liabilities					
Consumer deposits		6,896,298	-	-	6,896,298
Creditors		43,771,409	-	-	43,771,409
Capitalised Lease Liability		125,650	-	-	125,650
Total Non-Interest-bearing Instruments		50,793,357	-	-	50,793,357
TOTAL UNDISCOUNTED CASH		61,926,849	9,133,953	18,265,028	89,325,830

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****49. FINANCIAL INSTRUMENTS (continued)****49. 8 Liquidity Risk Management (continued)****Liquidity and Interest Risk Tables (continued)****30 June 2013 (continued)**

Description	Average effective Interest Rate	Total brought Forward	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
INTEREST-BEARING INSTRUMENTS					
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		38,375,645	54,566,072	225,969,712	318,911,429
Development Bank	9.670	602,560	903,839	1,657,039	3,163,438
Development Bank	9.575	9,994,260	14,991,391	52,469,867	77,455,518
INCA	11.600	1,998,264	-	-	1,998,264
Development Bank	10.665	17,076,624	25,614,936	115,267,214	157,958,774
Sanlam	10.960	8,703,937	13,055,906	56,575,592	78,335,435
VARIABLE RATE INSTRUMENTS					
Unsecured Bank Facilities		156,828	204,233	115,401	476,462
Development Bank	8.375	156,828	204,233	115,401	476,462
Total Interest-bearing Instruments		38,532,473	54,770,305	226,085,113	319,387,891
NON-INTEREST-BEARING					
Current liabilities					
Consumer deposits		6,896,298	-	-	6,896,298
Creditors		43,771,409	-	-	43,771,409
Capitalised Lease Liability		125,650	-	-	125,650
Total Non-Interest-bearing Instruments		50,793,357	-	-	50,793,357
TOTAL UNDISCOUNTED CASH		89,325,830	54,770,305	226,085,113	370,181,248

30 June 2012

Description	Average effective Interest Rate	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
INTEREST-BEARING INSTRUMENTS					
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		11,092,609	11,092,609	20,186,955	42,372,173
Development Bank	9.670	150,640	150,640	301,280	602,560
Development Bank	9.575	2,498,565	2,498,565	4,997,130	9,994,260
Development Bank	11.600	1,998,264	1,998,264	1,998,264	5,994,792
Development Bank	10.665	4,269,156	4,269,156	8,538,312	17,076,624
INCA	10.960	2,175,984	2,175,984	4,351,969	8,703,937
VARIABLE RATE INSTRUMENTS					
Unsecured Bank Facilities		44,108	42,701	82,373	169,182
Development Bank	8.375	44,108	42,701	82,373	169,182
Total Interest-bearing Instruments		11,136,717	11,135,310	20,269,328	42,541,355
NON-INTEREST-BEARING					
Current liabilities					
Consumer deposits		6,287,042	-	-	6,287,042
Creditors		41,921,126	-	-	41,921,126
Capitalised Lease Liability		313,210	-	-	313,210
Total Non-Interest-bearing Instruments		48,521,378	-	-	48,521,378
TOTAL UNDISCOUNTED CASH		59,658,095	11,135,310	20,269,328	91,062,733

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****49. FINANCIAL INSTRUMENTS (continued)****49. 8 Liquidity Risk Management (continued)****Liquidity and Interest Risk Tables (continued)****30 June 2012 (continued)**

Description	Average effective Interest Rate	Total brought Forward	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
INTEREST-BEARING INSTRUMENTS					
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		42,372,173	54,566,072	244,158,402	341,096,647
Development Bank	9.670	602,560	903,839	1,958,318	3,464,717
Development Bank	9.575	9,994,260	14,991,391	57,466,998	82,452,649
Development Bank	11.600	5,994,792	-	-	5,994,792
Development Bank	10.665	17,076,624	25,614,936	123,805,526	166,497,086
INCA	10.960	8,703,937	13,055,906	60,927,560	82,687,403
VARIABLE RATE INSTRUMENTS					
Unsecured Bank Facilities		169,182	220,631	180,788	570,601
Development Bank	8.375	169,182	220,631	180,788	570,601
Total Interest-bearing Instruments		42,541,355	54,786,703	244,339,190	341,667,248
NON-INTEREST-BEARING					
Current liabilities					
Consumer deposits		6,287,042	-	-	6,287,042
Creditors		41,921,126	-	-	41,921,126
Capitalised Lease Liability		313,210	-	-	313,210
Total Non-Interest-bearing Instruments		48,521,378	-	-	48,521,378
TOTAL UNDISCOUNTED CASH		91,062,733	54,786,703	244,339,190	390,188,626

The municipality has access to financing facilities, the total unused amount which is R 1,000,000 at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved by means of the increasing in tariffs and the continuous utilisation of unsecured bank loan facilities.

49. 9 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013	2012
R	R

49. FINANCIAL INSTRUMENTS (continued)**49. 9 Credit Risk Management (continued)**

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The maximum credit risk exposure in respect of the relevant financial instruments is as follows:

		Restated
Long-term Receivables	242,704	255,119
Trade and other receivables from exchange transactions	41,383,644	36,733,039
Trade and other receivables from exchange transactions	11,406,613	13,479,115
Finance lease receivables	179,068	226,463
Bank Guarantees	170,900	170,900
Bank and Cash Balances	210,129,183	219,210,799
Maximum Credit and Interest Risk Exposure	263,512,112	270,075,435

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to historical information about counterparty

Trade and other receivables from exchange transactions

Group 1	27,364,845	25,427,846
Group 2	214,857	230,037
Group 3	373,549	521,941

Total: Trade and other receivables from exchange transactions

27,953,251	26,179,824
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Long- Term Receivables

Group 1	242,704	255,119
Group 2	-	-
Group 3	-	-

Total: Long- Term Receivables

242,704	255,119
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Finance lease receivables

Group 1	179,068	226,463
Group 2	-	-
Group 3	-	-

Total finance lease receivables

179,068	226,463
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Trade and other receivables from non- exchange transactions

Group 1	6,709,650	9,056,326
Group 2	33,288	64,132
Group 3	47,025	68,803

Total: Trade and other receivables from non- exchange transactions

6,789,962	9,189,261
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Bank balances

ABSA Bank limited	210,129,183	219,210,799
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Group 1 - High certainty of timely payment. Risk of non- payment is considered to be low as these receivables maintained a payment rate of more than 70 %.

Group 2 - Reasonable certainty of timely payment. The risk of non- payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year.

Group 3 - The risk factors of non- payment are larger as these receivables had a payment rate of below 50 % during the year.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

50. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is a defined benefit plan, whereas the Cape Joint Retirement Fund, The Provident Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9 %, by the members and 18 % by Council, except in the case of one official for which council contributes 23.06 %, which is less than the recommended rate of 32.40 %. The last valuation performed for the year ended 30 June 2012 (30 June 2011) revealed that the fund had an actuarial surplus of R 18 287 million (R 58 938 million) with a funding level of 99.40 % (98,10 %), a solvency reserve with a closing balance of R 0,00 (2012: R 0,00), and is in a sound financial state as at 30 June 2012.

The actuarial valuation report at 30 June 2012 indicated that the defined contribution scheme of the fund is in a sound financial position, with a funding level of 105,30 % (2012: 104,10 %).

CAPE RETIREMENT FUND

The contribution rate paid by the members (9,0 % for employees and 7,5 % for councillors) and by Council (18,0 % for employees and 19,5 % for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2012 (30 June 2011) revealed that the fund had an actuarial surplus of R 40 412 million (R 72 849 million) with a funding level of 108,0 % (116,91 %). Certified to be in a sound financial position as at 30 June 2012.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 7,5 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2008 (30 June 2005) certified that the fund is in a sound financial state. The Provident Fund was valued at R 4 5 billion and the Pension Fund at R 68 249 million as at September 2011. The funding level was 100 % at valuating date (2005: 100.00 %).

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9.00 % and that of council 18.00 %.

The latest voluntary valuation was done on 30 June 2010 (30 June 2008). As at 30 June 2010 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

As at 30 June 2010 the current liabilities of the fund exceeded the current assets by R 9 556 000 (2008: R 6 312 000) rendering the fund illiquid. However the fund has sufficient investments listed under non- current assets which are liquid, and should the need arise for these liabilities to be settled immediately, the fund will be able to meet this obligation with a funding level of 99,77 % (2008: 99.82 %) as at 30 June 2010.

None of the above mentioned plans are state plans.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****51. RELATED PARTY TRANSACTIONS**

During the year the municipality rendered services to the following parties that are related to the municipality as indicated:

51.1 Services rendered to related parties

	Rates	Service Charges	Other	Outstanding Balances
30 June 2013				
Councillors	39,234	154,305	406	15,758
Municipal Manager and Section 57 Personnel	44,979	231,378	163	23,858
Total	84,213	385,683	569	39,616
30 June 2012				
Councillors	38,226	212,553	2,525	18,549
Municipal Manager and Section 57 Personnel	41,306	134,271	(1,440)	13,514
Total	79,532	346,824	1,085	32,063

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

51.2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

51.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 33.

51.4 Other related party transactions

The Municipality entered into business transactions during the financial year under review with the service provider mentioned below. The said providers are considered to be related parties as they are in some way or other connected to the Municipality, either as councillor or family tie to employees of the Municipality. These transactions were duly concluded in compliance with the provisions of the Supply Chain Management Policy of the Municipality.

Service Provider	Value of Transaction	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
Lumber and Lawn	56,014	Jorina van Zyl	Western Cape Education Department	Teacher	Spouse
WJ De Bruyn Builders	146,251	Angelo de Bruyn	City of Cape Town	Civil Engineer	Son
Adenco Construction (Pty) Ltd	601,092	Adel� Kassner	Western Cape Education Department	Teacher	Child
Aurecon	8,161,472	H.C.Ahlschlager	Special Investigating Unit	Legal Representative	Spouse
		C.M.M.Barnard	Gauteng Department of Education	Deputy Principal	Spouse
		C.J.Barry	City of Cape Town	Transport Department	Parent
		Prof C.J.G.Bender	University of Johannesburg	Professor	Spouse
		J.Blackmore	Department of Public Works	Project Manager	Parent
		T.Botha	Oudtshoorn	Technical Manager	Parent

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Value of Transaction	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
		J.J.J.Daniels	West Coast District Municipality	Deputy Mayor	Parent
		B.Alheit	Denel Dynamics	Executive Manager - Business Development	Parent
		M.Van Rensburg	Eskom	Executive at Transmission Department	Father in law
		Dr M.Skead	Nelson Mandela Bay Metropolitan University	Senior Manager	Wife
		W.Z.Erasmus	Cape Nature	Program Manager	Spouse
		H.G.Esterhuysen	West Cost District Municipality	Senior Manager - Roads	Parent
		S.Seegers	City of Cape Town	Head of Security Architecture	Sister
		N.Geldenhuis	Transnet Port Terminals	Mechatronic Engineer	Son
		Dr Y.Goga	Nkosi Albert Luthuli Hospital	Senior Specialist - Paediatric Haematology	Sister
		T.Govender	Umgeni Water	Fleet Maintenance Administrator - Asset Management	Daughter
		N.Grobbelaar	Central University of Technology	Department Civil Engineer	Spouse
		S.M.Grobbelaar	Northern Cape Department of Cooperative Governance	Human Settlements and Traditional Affairs	Parent
		B.Groenewald	Tswaing Municipality	Councillor	Parent
		J.H.Higgs	SARS	Regional Manager	Spouse
		T.Kholoanyane	Naledi Local Municipality	Tourism Manager	Spouse
		A.Hougaard	Department of Correctional Services	Principle Network Controller	Spouse
		J.Jacobs	Eastern Cape Department of Education	Personal Assistant to Chief Director	Spouse
		B.Kleynhans	Hessequa Municipality	Accountant	Parent
		B.J.Kriegler	Cape Winelands District Municipality and	Councillor	Parent
		K.Nadasen	National Department of Public Works	Director: Key Account Management	Spouse

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Value of Transaction	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
		R.G.Madikizela	Auditor General South Africa	Assistant Manager	Brother
		R.Tebane	Ekurhuleni Metropolitan Municipality	Executive Manager	Parent
		Z.E.Khosa	Ekurhuleni Metropolitan Municipality	Technician	Brother
		M.Marques	Department of Home Affairs	Deputy Director	Spouse
		R.Meyer	Telkom SA	Project Manager	Parent
		F.Tlalat	North West Department of Education	Quality Assurance	Sister
		A.J.Moore	Department of Water Affairs	Chief Engineer	Parent
		M.C.Dunga	South African Navy	Engineer in Training	Spouse
		R.Nair	eThekweni Municipality	Building Inspector	Parent
		J.L.Nel	Department of International Relations and Cooperation	Diplomat	Parent
		K.Thamaga	South African Defence Force	State Accountant	Brother
		S.M.O'Connell	Sol Plaatje Municipality	Librarian	Spouse
		L.Pillay	Kwazulu Natal Department of Transport	Deputy Director - Mechanical Maintenance Division	Parent
		P.S.Pretorius	Sol Plaatje Municipality	Chief Officer - Community Services	Parent
		J.M.Robertson	Ekurhuleni Metropolitan Municipality	Roads Engineer	Parent
		J.J.Saaiman	Armcor	Quality Manager	Parent
		J.Scheepers	Council for Medical Schemes	Chief Financial Analyst	Spouse
		A.Heyns	Stellenbosch Municipality	Assistant Superintendent - Workshop Engineering Department	Parent
		J.Theron	Nelson Mandela Metropolitan University Business School	Head: Graduate School Relations	Spouse
		G.J.Tong	North West Department of Finance	Deputy Director	Parent
		J.Tredoux	Department of Water Affairs	Deputy Director - Accounts Payable	Spouse

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Value of Transaction	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
		N.Towers	Department of Mineral Resources	Inspectorate of Mines - Health and Safety; Western Cape Region	Parent
		A.Treurnich	Umjindi Municipality; Community Services	Assistant Director	Parent
		J.F.Phillips	Northern Cape Department of Economic Development and Tourism	Manager - Township Revitalisation	Spouse
		Z.C.Venter	Eastern Cape Department of Health	Deputy Director - Employment Relations	Spouse
		P.C.Vermeulen	City of Cape Town	Superintendent - Building Maintenance	Parent
		J.Wilkins	Correctional Services	Vice Director - Provincial	Parent
		N.S.Wolmarans	IDC	Senior Accounts Manager	Spouse
		S.W.Zulu	Kwazulu Natal Department of Health	Human Resource Manager	Parent
Bubbles Household Chemicals	124,735	Candice Maree	City of Cape Town	Clerk 3 Water Sanitation	Daughter
Euraf Agencies CC	148,870	Renate Fourie	Department of Health - Western Cape	Assistant Director	Spouse
Excellence and Creative Events	5,620	Ivan Groepies	Swartland Municipality	Labourer - Streets and Stormwater	Son
Golden Rewards 1873cc t/a Futasia Caterers	30,985	R de Jager	Western Cape Education Department	Teacher	Husband
Hydrometrix Technologies cc	106,869	Lauren de Beer	Western Cape Education Department	Occupational Therapist	Daughter
Ithuba Industries	326,403	Wendy de Morney	Western Cape Education Department	Teacher	Wife
K. Smit T/A Blackbird Trading	117,050	Marlene Smit	Swartland Municipality	Database Administrator	Spouse
Mubesko Africa	510,843	Jeanine Nielhaus	Department of Health (Northern Cape)	Dietician	spouse
Powerrec (Pty) Ltd	20,443	Helen Victoria Machimana	Department of Welfare - Limpopo	Health and Welfare Counsellor- Domestic Violence	Parent
		B.Skosana	Department of Health - Gauteng	Healthcare Practitioner	Parent
Roja Contractors & Traders CC	22,750	Julrich Liedeman	Swartland Municipality (Civil Engineering Services)	Handyman - Painter	Son

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Value of Transaction	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
Siphakame Skills Development	55,440	N. Vacu	Drakenstein Municipality	Admin	Spouse
WJ Cotter Elektries BK	221,814	T. van Essen	Swartland Municipality	Mayor	Father-in-Law

52. CONTINGENT LIABILITY

	2013 R	2012 R
Guarantees in favour of Eskom	70,900	70,900
Guarantees in favour of South African Post Office Limited	100,000	100,000
	170,900	170,900

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees are covered to a large extent by cash deposits recovered from the individual consumers of electricity within the municipal area.

A bank guarantee has been obtained from ABSA Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

A supplier, M & B Fire Appliances, instituted a claim against the Swartland Municipality, arising from services rendered at a value in excess of the quote by the supplier and subsequent order to the supplier for an amount of R7 227.60. If successful the municipality will be liable to pay an amount of R 55 438.20 plus interest at 3% plus legal fees. This implies that a contingent liability exists, but the amount has not been raised in the financial statements as the existence of this obligation will only be confirmed pending the outcome of the case.

53. CONTINGENT ASSET

The Swartland Municipality instituted a claim of approximately R950 000 against its previously appointed valuer (Buyline 109 (Pty) Ltd t/a M3 en Medewerkers) due to inadequate performance. This implies that a contingent asset exists, but the amount has not been raised in the financial statements as the existence of this asset (debtor) will only be confirmed pending the outcome of the case, and the amount cannot be measured with sufficient reliability.

54. IN-KIND DONATION AND ASSISTANCE

The Municipality did not receive any in-kind donation and assistance during the year under review.

55. PRIVATE PUBLIC PARTNERSHIPS

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

56. EVENTS AFTER THE REPORTING DATE

No events having significant financial implications requiring disclosure occurred subsequent to 30 June 2013.

57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY**(a) Change in accounting policy - Heritage assets**

During the period GRAP 103 - Heritage assets was adopted, requiring retrospective adjustment of affected balances and transactions. The effects thereof are as follows:

	Total of change 2012
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)	(462,001)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(a) Change in accounting policy - Heritage assets (continued)****Increase/(decrease) in Heritage assets 30 June 2011 (opening balance 2011/12)***Cost***767,266****Increase/(decrease) in PPE 30 June 2011 (opening balance 2011/12)****(305,265)***Cost***(767,266)***Accumulated depreciation***462,001****Increase/(decrease) in Depreciation and amortisation****(16,000)****Decrease/(Increase) in surplus for the year ended 30 June 2012****(16,000)****Increase/(decrease) in PPE****(289,265)***Cost***(767,266)***Accumulated depreciation***478,001****Increase/(decrease) in Heritage assets****767,266***Cost***767,266****(b) i) Correction of error - Previous period transactions**

A number of errors in prior period transactions were discovered and corrected in the current financial period. These errors include incorrect property rate charges, faulty meter readings and levies in respect of service charges. These corrections have been applied retrospectively and the effects thereof are as follows:

**Total of
correction 2012****Decrease / (increase) in Revenue from Non-exchange transactions****203,049***Property rates***203,049****Decrease / (increase) in Revenue from Exchange transactions****(235,089)***Service charges*

Electricity

3,775

Electricity - availability

1,279

Water

116,166

Water - availability

2,688

Sewerage

24,888

Refuse

16,777

Interest earned - outstanding debtors

Rates

1,978

Electricity

31

Water

738

Sewerage

29

Refuse

104

Other debtors

489

Rent of facilities and equipment

Buildings

(8,011)

Other facilities

6,638

Other income

Blocked Sewerage

2,254

Discount: Fuel

(5,261)

Industrial Sewerage

(389,669)

Selling: Purified Sewerage Water

(449)

Rates lessees

(8,679)

Other (less than R50 000)

(854)

Increase/(decrease) in General expenses**468***Legal fees***769***Telephone Costs***(301)****Decrease/(Increase) in surplus for the year ended 30 June 2012****203,517**

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(b) i) Correction of error - Previous period transactions {continued}**

Increase/(decrease) in Trade Receivables From Exchange Transactions	236,599
<i>Service debtors</i>	
Electricity	(5,085)
Water	(119,592)
Sewerage	(24,917)
Refuse removal	(16,881)
<i>Other</i>	403,074
Increase/(decrease) in Trade Receivables From Non-Exchange Transactions	(205,027)
Property rates	(205,027)

(b) ii) Correction of error - Building deposits

During 2011/12 certain long outstanding Building deposits were allocated to Other income, after which the creditors related to the amounts claimed the deposits. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease / (increase) in Revenue from Exchange transactions	10,487
<i>Other income: Deposits forfeited</i>	10,487
Decrease/(Increase) in surplus for the year ended 30 June 2012	10,487
(Increase)/decrease in creditors	(10,487)
<i>Other creditors</i>	(10,487)

(b) iii) Correction of error - Pension contribution

During the 2011/2012 financial period, it was determined that an additional amount for arrears pension benefit was payable to a staff member. This payment was made during 2013/14. This error has been corrected retrospectively and the effect thereof is as follows:

	Total of correction 2012
Increase/(decrease) in Employee related Costs	108,612
<i>Contribution for Pension</i>	108,612
Decrease/(Increase) in surplus for the year ended 30 June 2012	108,612
(Increase)/decrease in creditors	(108,612)
<i>Other creditors</i>	(108,612)

(b) iv) Correction of error - Accrual of expenses and creditors

During the current financial period, invoices were received for services rendered by a supplier during the previous financial period - the expense and creditor was not accrued for. This error has been corrected retrospectively and the effect thereof is as follows:

	Total of correction 2012
Increase/(decrease) in General expenses	48,159
<i>Telephone Costs</i>	48,159
Increase/(decrease) in Repairs and Maintenance	2,725
Decrease/(Increase) in surplus for the year ended 30 June 2012	50,884
(Increase)/decrease in creditors	(50,884)
<i>Trade creditors</i>	(50,884)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(b) v) Correction of error - Unidentified deposit**

During 2008 a consumer debtor deposited an amount for property rates into the incorrect municipal bank account (for traffic fines). This amount was allocated to Other income during the current financial period, after which the debtor and correct revenue item was identified. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Increase/(decrease) in Trade Receivables From Non-Exchange Transactions 30 June 2011 (opening balance 2011/2012)	(11,658)
<i>Property rates</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(11,658)</div>
Decrease / (increase) in Revenue from Exchange transactions	11,658
<i>Other income: Deposits forfeited</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">11,658</div>
Decrease/(Increase) in surplus for the year ended 30 June 2012	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px;">11,658</div>
Increase/(decrease) in Trade Receivables From Non-Exchange Transactions	(11,658)
<i>Property rates</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(11,658)</div>

(b) vi) Correction of error - Housing rental debtor

It was discovered that a debtor was erroneously charged for housing rental during 2011/2012. The transactions and debtor account were adjusted retrospectively to correctly reflect amounts in the comparative year. The effects thereof are as follows:

	Total of correction 2012
Decrease / (increase) in Revenue from Exchange transactions	2,952
<i>Other income: Housing scheme instalments</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">2,952</div>
Decrease/(Increase) in surplus for the year ended 30 June 2012	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px;">2,952</div>
Increase/(decrease) in Trade Receivables From Exchange Transactions	(2,952)
<i>Service debtors</i>	
<i>Housing rentals / instalments</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(2,952)</div>

(b) vii) Correction of error - Land values

During previous periods, certain land values had been incorrectly recorded. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)	(55,541)
Increase/(decrease) in Investment Property 30 June 2011 (opening balance 2011/12)	50,940
<i>Cost</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">50,940</div>
<i>Accumulated depreciation</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">-</div>
Increase/(decrease) in PPE 30 June 2011 (opening balance 2011/12)	4,601
<i>Cost</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">4,601</div>
<i>Accumulated depreciation</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">-</div>

(b) viii) Correction of error - Operating lease asset and liability

During previous periods the balances of the Operating lease asset and the Operating lease liability were incorrectly calculated. The error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)	(962)
(Decrease)/increase in Operating lease asset 30 June 2011 (opening balance 2011/12)	341
Decrease/(increase) in Operating lease liability 30 June 2011 (opening balance 2011/12)	621
(Decrease)/increase in Operating lease asset	341
Decrease/(increase) in Operating lease liability	621

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(b) ix) Correction of error - Equitable share**

In 2011/2012 a portion of the equitable share granted to indigent households remained unused and appeared as credits on consumer debtor accounts - these transactions and consumer accounts were adjusted retrospectively to correctly reflect amounts in the comparative year. The effects thereof are as follows:

	Total of correction 2012
Decrease / (increase) in Revenue from Non-exchange transactions	(212)
<i>Property rates</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(212)</div>
Decrease / (increase) in Revenue from Exchange transactions	(2,823)
<i>Service charges</i>	
Water	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(24)</div>
Electricity	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(95)</div>
Sewerage	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(2,704)</div>
Decrease/(Increase) in surplus for the year ended 30 June 2012	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px;">(3,035)</div>
Increase/(decrease) in Trade Receivables From Exchange Transactions	2,823
<i>Service debtors</i>	
Water	<div style="border: 1px solid black; display: inline-block; padding: 2px;">24</div>
Electricity	<div style="border: 1px solid black; display: inline-block; padding: 2px;">95</div>
Sewerage	<div style="border: 1px solid black; display: inline-block; padding: 2px;">2,704</div>
Increase/(decrease) in Trade Receivables From Non-Exchange Transactions	212
<i>Property rates</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">212</div>

(b) x) Correction of error - Debtor not raised

During 2011/12 a court ordered the reimbursement of the municipality's legal fees by a third party, but a debtor was erroneously not recognised. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Increase/(decrease) in General expenses	(461,248)
<i>Legal fees</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(461,248)</div>
Decrease/(Increase) in surplus for the year ended 30 June 2012	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px;">(461,248)</div>
Increase/(decrease) in Trade Receivables From Non-Exchange Transactions	461,248
<i>Sundry debtors</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">461,248</div>

(b) xi) Correction of error - Disposed inventory not accounted for

During 2011/12 an amount for disposed inventory was erroneously not derecognised nor taken into account in the cost of sales. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease/(Increase) in Sale of Land Inventories	23,000
<i>Cost of land sold</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">23,000</div>
Decrease/(Increase) in surplus for the year ended 30 June 2012	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px;">23,000</div>
Increase/(decrease) in Inventory	(23,000)
<i>Unsold properties held for resale - at cost</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">(23,000)</div>

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(b) xii) Correction of error - Residual values**

During previous periods, residual values were not annually reviewed as required by GRAP 17.61. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)	(2,072,972)
Increase/(decrease) in PPE 30 June 2011 (opening balance 2011/12)	2,072,972
<i>Cost</i>	-
<i>Accumulated depreciation</i>	2,072,972
Increase/(decrease) in Depreciation and amortisation	(617,075)
Decrease/(Increase) in surplus for the year ended 30 June 2012	(617,075)
Increase/(decrease) in PPE	2,690,047
<i>Cost</i>	-
<i>Accumulated depreciation</i>	2,690,047

(b) xiii) Correction of error - Properties not previously recognised

During the current financial period, records from the Deeds Office were compared to properties recorded in the asset register, and it was discovered that certain properties vested in the municipality during the previous financial period, while other properties had already vested in the municipality during earlier periods. These properties had not previously been recognised by the municipality. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)	(9,449,124)
Increase/(decrease) in PPE 30 June 2011 (opening balance 2011/12)	9,449,124
<i>Cost</i>	9,449,124
<i>Accumulated depreciation</i>	-
Decrease/(Increase) in Gain on vesting of properties	(575,200)
Decrease/(Increase) in surplus for the year ended 30 June 2012	(575,200)
Increase/(decrease) in PPE	10,024,324
<i>Cost</i>	10,024,324
<i>Accumulated depreciation</i>	-

During the current financial period, records from the Deeds Office were compared to properties recorded in the asset register, and it was discovered that certain properties appearing on the municipality's asset register does not belong to the municipality. These properties have either being transferred or disposed during periods earlier than 2011/12. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2012
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)	2,746,055
Increase/(decrease) in PPE 30 June 2011 (opening balance 2011/12)	(1,702,388)
<i>Cost</i>	(1,702,388)
<i>Accumulated depreciation</i>	-
Increase/(decrease) in Investment property 30 June 2011 (opening balance 2011/12)	(1,043,667)
<i>Cost</i>	(1,043,667)
<i>Accumulated depreciation</i>	-
Increase/(decrease) in PPE	(1,702,388)
<i>Cost</i>	(1,702,388)
<i>Accumulated depreciation</i>	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(b) xiv) Correction of error - Properties not owned by the municipality****Increase/(decrease) in Investment property****(1,043,667)***Cost***(1,043,667)***Accumulated depreciation***-****(b) xv) Correction of error - Depreciation for the year (additions)**

During 2011/12, depreciation for assets acquired during the year (protection services) was not included in the calculation of total depreciation for the year. This error has been corrected retrospectively and the effects thereof are as follows:

**Total of
correction 2012**
Increase/(decrease) in Depreciation and amortisation**122,548****Decrease/(Increase) in surplus for the year ended 30 June 2012****122,548****Increase/(decrease) in PPE****(122,548)***Cost***-***Accumulated depreciation***(122,548)****(b) xvi) Correction of error - Accumulated depreciation (AR calculations)**

During the current financial period, errors (immaterial) were discovered in depreciation calculated by the electronic asset register utilised during prior periods. This error has been corrected retrospectively and the effects thereof are as follows:

**Total of
correction 2012**
Decrease/(increase) in Accumulated surplus 30 June 2011 (opening balance 2011/12)**3,012****Increase/(decrease) in PPE 30 June 2011 (opening balance 2011/12)****(3,012)***Cost***-***Accumulated depreciation***(3,012)****Increase/(decrease) in PPE****(3,012)***Cost***-***Accumulated depreciation***(3,012)**

As a result of the above errors and change in accounting policy, the prior period surplus for the year and balances are restated as follows:

(c) i) Adjustment of revenue and surplus for the year

	Note	Previously reported	Amount of adjustment	Restated
REVENUE				
Revenue from Non-exchange Transactions		125,994,168	349,363	126,343,531
Taxation Revenue		60,458,431	(202,837)	60,255,594
<i>Property rates</i>	25	60,458,431	(202,837)	60,255,594
Transfer Revenue		56,572,961	-	56,572,961
<i>Conditional Government grants and subsidies</i>	29	33,484,186	-	33,484,186
<i>Unconditional Government and other grants</i>		23,084,169	-	23,084,169
<i>Donated Property, Plant and Equipment</i>		4,606	-	4,606
Sale of Land Inventories		402,142	(23,000)	379,142
<i>Revenue on sale of land</i>		410,000	-	410,000
<i>Cost of land sold</i>		7,858	23,000	30,858
Other Revenue		8,560,634	575,200	9,135,834
<i>Fines</i>		3,284,706	-	3,284,706
<i>Licences and permits</i>		2,863,580	-	2,863,580
<i>Income for agency services</i>		2,412,348	-	2,412,348
<i>VAT on Government grants and subsidies</i>		-	-	-
<i>Other</i>		-	-	-
<i>Gain on vesting of properties</i>		-	575,200	575,200

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(c) i) Adjustment of revenue and surplus for the year (continued)**

	Note	Previously reported	Amount of adjustment	Restated
REVENUE				
Revenue from Exchange Transactions		240,780,364	212,815	240,993,179
<i>Service charges</i>	26	210,825,884	(162,750)	210,663,134
<i>Rental of facilities and equipment</i>	28	2,913,351	1,373	2,914,724
<i>Interest earned - external investments</i>	27	10,609,144	-	10,609,144
<i>Interest earned - outstanding debtors</i>	27	1,295,263	(3,369)	1,291,894
<i>Other revenue</i>	30	15,136,722	377,561	15,514,283
Total Revenue		366,774,532	562,178	367,336,710
EXPENDITURE				
<i>Employee related costs</i>	31	110,426,517	108,612	110,535,129
<i>Remuneration of Councillors</i>	32	6,619,179	-	6,619,179
<i>Impairment loss</i>	3/4	1,473,331	-	1,473,331
<i>Depreciation and Amortisation</i>	33	67,006,353	(510,527)	66,495,826
<i>Repairs and maintenance</i>		15,437,681	2,725	15,440,406
<i>Interest paid</i>	34	5,254,722	-	5,254,722
<i>Bulk purchases</i>	35	122,558,351	-	122,558,351
<i>Contracted services</i>		3,104,007	-	3,104,007
<i>Grants and subsidies paid</i>	36	1,230,755	-	1,230,755
<i>General expenses</i>	38	48,788,386	(412,621)	48,375,765
<i>Loss on disposal of property, plant and equipment</i>		3,328,623	-	3,328,623
Total Expenditure		385,227,905	(811,811)	384,416,094
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		(18,453,373)	1,373,989	(17,079,384)
<i>Other income:</i>				
<i>Gains on disposal of property, plant and equipment</i>		-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		(18,453,373)	1,373,989	(17,079,384)

(c) ii) Adjustment of opening balances**NET ASSETS**

Accumulated Surplus 1 July 2011	1,805,478,762	9,291,533	1,814,770,295
<i>Change in accounting policy - Heritage assets</i>		462,001	
<i>Correction of error - Land values</i>		55,541	
<i>Correction of error - Operating lease asset and liability</i>		962	
<i>Correction of error - Residual values</i>		2,072,972	
<i>Correction of error - Properties not previously recognised</i>		9,449,124	
<i>Correction of error - Properties not owned by the municipality</i>		(2,746,055)	
<i>Correction of error - Accumulated depreciation (AR calculations)</i>		(3,012)	

ASSETS AND LIABILITIES

PPE 1 July 2011	1,691,449,024	9,516,032	1,700,965,056
Investment property 1 July 2011	34,013,854	(992,727)	33,021,127
Heritage assets 1 July 2011	-	767,266	767,266
Operating lease asset 1 July 2011	51,334	341	51,675
Operating lease liability 1 July 2011	71,004	(621)	70,383
Total effect of adjustments to opening balances 1 July 2011		-	
(c) iii) Adjustment against surplus for the year ended 30 June 2012	(18,453,373)	1,373,989	(17,079,384)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****ASSETS AND LIABILITIES (continued)****(c) iii) Adjustment against surplus for the year ended 30 June 2012 (continued)**

Total effect of adjustments against accumulated surplus as at 30 June 2012 (ii)	1,787,169,571	10,665,522	1,797,835,093
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(c) vi) Adjustment of balances - assets and liabilities - as at 30 June 2012

Increase/(decrease) in PPE	1,727,372,534	10,601,759	1,737,974,293
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Increase/(decrease) in Investment property	33,964,103	(992,727)	32,971,376
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Increase/(decrease) in Heritage assets	-	767,266	767,266
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Increase/(decrease) in Inventory	5,074,623	(23,000)	5,051,623
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Increase/(decrease) in Trade Receivables From Exchange Transactions	33,129,586	236,470	33,366,056
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Service debtors

<i>Electricity</i>	19,563,863	(4,990)	19,558,873
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<i>Water</i>	5,188,736	(119,568)	5,069,168
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<i>Sewerage</i>	3,688,376	(22,213)	3,666,163
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<i>Refuse removal</i>	2,783,828	(16,881)	2,766,947
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<i>Housing rentals / instalments</i>	89,112	(2,952)	86,160
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<i>Other</i>	1,815,671	403,074	2,218,745
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Increase/(decrease) in Trade Receivables From Non-Exchange Transactions	11,937,293	244,775	12,182,068
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<i>Property Rates</i>	8,542,075	(216,473)	8,325,602
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<i>Sundry debtors</i>	2,662,025	461,248	3,123,273
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Increase/(decrease) in Operating lease asset	48,002	341	48,343
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Increase/(decrease) in creditors	41,921,126	169,983	42,091,109
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<i>Trade creditors</i>		50,884	
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<i>Other creditors</i>		119,099	
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Increase/(decrease) in Operating lease liability	79,560	(621)	78,939
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RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS:**ASSETS****Current assets**

	270,246,813	458,586	270,705,399
Inventory	5,074,623	(23,000)	5,051,623
Trade Receivables from Exchange Transactions	33,129,586	236,470	33,366,056
Trade Receivables from Non-Exchange Transactions	11,937,293	244,775	12,182,068
Investments	-	-	-
Cash and Cash Equivalents	219,210,799	-	219,210,799
Operating Lease Assets	48,002	341	48,343
VAT	823,089	-	823,089
Current Portion of Finance Lease Receivables	11,005	-	11,005
Current Portion of Long-term Receivables	12,416	-	12,416

Non-current assets

	1,762,109,243	10,376,298	1,772,485,541
Property, plant and equipment	1,727,372,534	10,601,759	1,737,974,293
Intangible Assets	314,445	-	314,445
Investment property	33,964,103	(992,727)	32,971,376
Heritage Assets	-	767,266	767,266
Finance lease receivables	215,458	-	215,458
Long-term receivables	242,703	-	242,703

Total Assets	2,032,356,056	10,834,884	2,043,190,940
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SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)*****RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS: (continued)*****LIABILITIES****Current liabilities**

	64,717,238	169,362	64,886,600
Consumer deposits	6,287,042	-	6,287,042
Provisions	4,939,303	-	4,939,303
Creditors	41,921,126	169,983	42,091,109
Unspent conditional grants and receipts	4,664,517	-	4,664,517
VAT	-	-	-
Operating lease liability	79,560	(621)	78,939
Current portion of long-term liabilities	6,825,690	-	6,825,690

Non-current liabilities

	179,987,665	-	179,987,665
Long-term liabilities	146,682,594	-	146,682,594
Provision for post- retirement medical aid benefits	28,179,291	-	28,179,291
Other non-current provisions	5,125,780	-	5,125,780

Total Liabilities

	244,704,903	169,362	244,874,265
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NET ASSETS**Total Net Assets**

	1,787,651,153	10,665,522	1,798,316,675
Housing Development Fund	481,582	-	481,582
Accumulated Surplus	1,787,169,571	10,665,522	1,797,835,093

Total Net Assets and Liabilities

	2,032,356,056	10,834,884	2,043,190,940
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SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
BUDGET STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

The Budget Statement has been compiled in accordance with Grap 24.

Description	2012/2013							2011/2012			
	Original Budget	Final Budget	Actual Outcome	Unauthorised	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Financial Performance											
Property rates	67,476,158	67,476,158	67,359,221	-	(116,937)	99.83	99.83	-	-	-	60,458,431
Government grants and subsidies: Operating	10,781,000	9,209,454	13,730,715	-	4,521,261	149.09	127.36	-	-	-	16,664,790
Government grants and subsidies: Capital	-	-	-	-	-	-	-	-	-	-	-
Unconditional Government grants:	23,920,000	26,752,000	26,752,000	-	-	100.00	111.84	-	-	-	23,084,169
Public Contributions and donations	-	-	150,000	-	150,000	-	-	-	-	-	-
Other Contributions	-	-	484,000	-	484,000	-	-	-	-	-	-
Donated Property, Plant and Equipment	-	-	80,875	-	80,875	-	-	-	-	-	4,606
Sale of Land Inventories	6,364,500	6,364,500	3,856,742	-	(2,507,758)	60.60	60.60	-	-	-	402,142
Fines	4,040,012	4,040,012	2,947,831	-	(1,092,181)	72.97	72.97	-	-	-	3,284,706
Licences and permits	2,723,732	2,723,732	3,225,095	-	501,363	118.41	118.41	-	-	-	2,863,580
Income for agency services	2,415,607	2,415,607	2,495,733	-	80,126	103.32	103.32	-	-	-	2,412,348
Service charges	240,767,475	240,741,339	237,557,558	-	(3,183,781)	98.68	98.67	-	-	-	210,825,884
Rental of facilities and equipment	2,406,654	2,406,654	2,901,632	-	494,978	120.57	120.57	-	-	-	2,913,351
Interest earned - external investments	12,023,328	12,023,328	9,917,496	-	(2,105,832)	82.49	82.49	-	-	-	10,609,144
Interest earned - outstanding debtors	1,194,844	1,194,844	1,455,488	-	260,644	121.81	121.81	-	-	-	1,295,263
Other revenue	11,359,906	11,359,906	13,770,852	-	2,410,946	121.22	121.22	-	-	-	15,136,722
Total Revenue (excluding capital transfers)	385,473,216	386,707,534	386,685,238	-	(22,296)	99.99	100.31	-	-	-	349,955,136
Employee related costs	117,688,673	120,008,135	125,450,243	-	5,442,108	104.53	106.60	-	-	-	110,426,517
Remuneration of Councillors	7,355,760	7,184,841	6,703,224	-	(481,617)	93.30	91.13	-	-	-	6,619,179
Debt impairment	9,635,652	9,635,652	1,259,585	-	(8,376,067)	13.07	13.07	-	-	-	1,473,331
Depreciation and Amortisation	76,853,055	68,545,886	72,998,654	-	4,452,768	106.50	94.98	-	-	-	67,006,353
Asset impairment	-	265,000	2,215,455	-	1,950,455	836.02	-	-	-	-	-
Repairs and maintenance	17,264,949	17,386,426	15,667,400	-	(1,719,026)	90.11	90.75	-	-	-	15,437,681
Interest paid	15,864,376	15,859,858	8,485,935	-	(7,373,923)	53.51	53.49	-	-	-	5,254,722
Bulk purchases	145,447,132	145,447,132	137,412,595	-	(8,034,537)	94.48	94.48	-	-	-	122,558,351
Contracted services	3,344,886	3,157,138	3,073,226	-	(83,912)	97.34	91.88	-	-	-	3,104,007
Grants and subsidies paid	1,363,420	1,364,140	1,292,677	-	(71,463)	94.76	94.81	-	-	-	1,230,755
General expenses	35,661,834	41,584,471	36,452,239	-	(5,132,232)	87.66	102.22	-	-	-	48,788,386
Loss on disposal of property, plant and equipment	-	5,012,832	1,827,509	-	(3,185,323)	36.46	-	-	-	-	3,328,623
Total Expenditure	430,479,737	435,451,511	412,838,742	-	(22,612,769)	94.81	95.90	-	-	-	385,227,905
Surplus/(Deficit)	(45,006,521)	(48,743,977)	(26,153,504)	-	22,590,473	53.65	58.11	-	-	-	(35,272,769)
Transfers recognised - capital	19,480,000	27,780,092	24,470,574	-	24,470,575	88.09	125.62	-	-	-	16,819,396
Surplus/(Deficit) after capital transfers	(25,526,521)	(20,963,885)	(1,682,930)	-	47,061,048	8.03	6.59	-	-	-	(18,453,373)

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
BUDGET STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/2013						2011/2012				
	Original Budget	Final Budget	Actual Outcome	Unauthorised	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<u>OPERATING REVENUE BY VOTE</u>											
Cemeteries	357,000	357,000	395,816	-	38,816	110.87	110.87	-	-	-	404,366
Municipal Property Maintenance	459,860	459,860	708,671	-	248,811	154.11	154.11	-	-	-	464,256
Parks And Recreational Areas	-	-	360,690	-	360,690	-	-	-	-	-	-
Proclaimed Roads	273,612	273,612	292,342	-	18,730	106.85	106.85	-	-	-	287,630
Refuse Removals	25,119,245	25,115,245	25,680,903	-	565,658	102.25	102.24	-	-	-	21,600,438
Sewerage Services	32,938,826	32,943,546	34,578,245	-	1,634,699	104.96	104.98	-	-	-	31,286,881
Sportsgrounds	38,340	38,340	84,592	-	46,252	220.64	220.64	-	-	-	49,405
Streets And Stormwater	44,010	44,010	324,645	-	280,635	737.66	737.66	-	-	-	176,397
Swimming Pools	200,361	200,361	171,233	-	(29,128)	85.46	85.46	-	-	-	172,054
Water Distribution	35,245,138	34,499,232	35,280,827	-	781,595	102.27	100.10	-	-	-	33,761,285
Corporate Services: Administration	48,590	48,590	126,605	-	78,015	260.56	260.56	-	-	-	1,827,852
Human Resources	491,790	491,790	473,503	-	(18,287)	96.28	96.28	-	-	-	530,842
Libraries	4,679,012	4,679,012	4,760,656	-	81,644	101.74	101.74	-	-	-	3,914,282
Marketing And Tourism	17,740	17,740	18,456	-	716	104.04	104.04	-	-	-	17,411
Town And Community Halls	216,000	216,000	230,101	-	14,101	106.53	106.53	-	-	-	197,939
Council General Expenses	2,832,000	2,832,000	3,073,826	-	241,826	108.54	108.54	-	-	-	158,037
Grants And Subsidies - General	21,507,000	30,849,546	31,756,905	-	907,359	102.94	147.66	-	-	-	27,938,475
Distribution	171,058,853	171,777,903	166,836,475	-	(4,941,428)	97.12	97.53	-	-	-	156,610,977
IT Services	-	-	1,247	-	1,247	-	-	-	-	-	-
Financial Services: Administration	25,347,138	25,347,138	21,178,894	-	(4,168,244)	83.56	83.56	-	-	-	19,391,663
Grants And Subsidies - Fmg	1,250,000	1,250,000	1,230,516	-	(19,484)	98.44	98.44	-	-	-	1,599,683
Rates Services	70,280,275	70,280,275	70,163,338	-	(116,937)	99.83	99.83	-	-	-	63,583,366
Stores And Purchasing	-	-	-	-	-	-	-	-	-	-	-
Development Services: Administration	774	774	1,364	-	590	176.23	176.23	-	-	-	680
Caravan Parks - Yzerfontein	1,593,758	1,593,758	2,022,352	-	428,594	126.89	126.89	-	-	-	2,092,172
Community Development	-	218,000	223,046	-	5,046	102.31	-	-	-	-	137,130
Planning and Valuations	192,063	192,063	446,579	-	254,516	232.52	232.52	-	-	-	388,218
Building Control	1,120,350	1,120,350	1,530,295	-	409,945	136.59	136.59	-	-	-	1,149,790
Housing	250,766	250,766	240,953	-	(9,813)	96.09	96.09	-	-	-	250,433
Fire Fighting	12	12	12	-	-	100.00	100.00	-	-	-	12
Harbour Yzerfontein	224,028	224,028	234,615	-	10,587	104.73	104.73	-	-	-	299,374
Licensing And Traffic Services	5,138,565	5,138,565	5,720,811	-	582,246	111.33	111.33	-	-	-	5,276,453
Policing And Law Enforcement	4,028,110	4,028,110	3,007,299	-	(1,020,811)	74.66	74.66	-	-	-	3,284,873
	404,953,216	414,487,626	411,155,812	-	(3,331,814)						376,852,374

	2012/2013							2011/2012			
						Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Description	Original Budget	Final Budget	Actual Outcome	Unauthorised expenditure	Variance						
<u>OPERATING EXPENDITURE BY VOTE</u>											
Civil Ser vices: Administration	2,296,639	2,512,015	2,665,951	153,936	153,936	106.13	116.08	296,024	296,024	-	2,455,584
Cemeteries	409,838	371,979	354,155	-	(17,824)	95.21	86.41	-	-	-	372,887
Municipal Property Maintenance	11,499,445	10,441,910	13,272,662	2,830,752	2,830,752	127.11	115.42	-	-	-	11,881,308
Parks And Recreational Areas	8,193,241	8,225,010	7,934,896	-	(290,114)	96.47	96.85	-	-	-	6,490,999
Proclaimed Roads	272,760	272,760	271,959	-	(801)	99.71	99.71	-	-	-	251,493
Refuse Removals	22,137,154	23,065,942	21,774,115	-	(1,291,827)	94.40	98.36	119,574	119,574	-	19,098,721
Sewerage Services	43,334,873	39,136,097	29,003,513	-	(10,132,584)	74.11	66.93	-	-	-	23,780,184
Sportsgrounds	4,997,268	3,587,568	5,087,765	1,500,197	1,500,197	141.82	101.81	-	-	-	3,398,220
Streets And Stormwater	41,993,512	43,078,734	42,590,334	-	(488,400)	98.87	101.42	-	-	-	42,013,590
Swimming Pools	1,808,440	1,833,573	1,711,377	-	(122,196)	93.34	94.63	-	-	-	1,518,963
Water Distribution	43,160,787	42,847,449	40,111,912	-	(2,735,537)	93.62	92.94	-	-	-	39,085,677
Corporate Services: Administration	6,401,632	7,096,137	6,822,206	-	(273,931)	96.14	106.57	197,735	197,735	-	6,595,886
Human Resources	3,028,383	2,837,445	2,485,281	-	(352,164)	87.59	82.07	-	-	-	2,007,373
Libraries	3,983,851	4,623,979	4,791,718	167,739	167,739	103.63	120.28	213,664	213,664	-	3,998,054
Marketing And Tourism	1,074,767	1,028,497	1,122,429	93,932	93,932	109.13	104.43	-	-	-	936,488
Town And Community Halls	2,545,743	2,504,337	2,533,142	28,805	28,805	101.15	99.51	-	-	-	2,261,739
Council General Expenses	9,862,650	10,356,624	9,620,209	-	(736,415)	92.89	97.54	-	-	-	9,087,496
Grants And Subsidies - General	2,027,000	4,292,915	3,625,466	-	(667,449)	84.45	178.86	-	-	-	10,512,152
Distribution	147,251,175	148,053,192	141,312,561	-	(6,740,631)	95.45	95.97	-	-	-	133,430,250
Financial Services: Administration	22,342,558	26,756,715	22,873,751	-	(3,882,964)	85.49	102.38	2,173,937	2,173,937	-	26,200,282
Grants And Subsidies - Fmg	1,250,000	1,250,000	1,230,516	-	(19,484)	98.44	98.44	349,683	349,683	-	1,599,683
Grants And Subsidies -	-	-	1,350	1,350	1,350	-	-	-	-	-	-
Stores And Purchasing	3,750,453	3,749,212	3,783,641	34,429	34,429	100.92	100.88	-	-	-	3,592,431
Development Services: Administration	1,374,699	1,794,776	2,143,920	349,144	349,144	119.45	155.96	118,269	118,269	-	1,282,065
Caravan Parks - Yzerfontein	1,355,050	1,398,848	1,307,035	-	(91,813)	93.44	96.46	19,159	19,159	-	1,207,914
Community Development	2,121,652	1,736,213	1,749,421	13,208	13,208	100.76	82.46	-	-	-	1,668,015
Planning And Valuations	3,777,249	4,087,851	4,080,147	-	(7,704)	99.81	108.02	122,975	122,975	-	5,400,372
Building Control	1,564,184	1,570,212	1,695,192	124,980	124,980	107.96	108.38	-	-	-	1,034,837
Housing	1,199,988	1,237,004	1,360,528								

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
BUDGET STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/2013							2011/2012			
	Original Budget	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<u>CAPITAL EXPENDITURE BY VOTE</u>											
Civil Services: Administration	173,030	168,781	165,543	-	(3,238)	98.08	95.67	-	-	-	164,137
Cemeteries	458,500	405,568	377,472	-	(28,096)	93.07	82.33	-	-	-	-
Municipal Property Maintenance	328,000	1,579,980	1,572,712	-	(7,268)	99.54	479.49	-	-	-	-
Parks And Recreational Areas	1,080,000	866,182	863,883	-	(2,299)	99.73	79.99	-	-	-	1,333,483
Refuse Removals	2,185,500	2,055,721	2,045,323	-	(10,398)	99.49	93.59	-	-	-	4,748,850
Sewerage Services	39,778,970	31,098,612	32,314,784	1,216,172	1,216,172	103.91	81.24	-	-	-	54,719,938
Sportsgrounds	1,817,433	1,244,861	1,200,273	-	(44,588)	96.42	66.04	-	-	-	1,607,824
Streets And Stormwater	12,862,113	12,997,171	12,997,148	-	(23)	100.00	101.05	-	-	-	17,207,470
Water Distribution	8,013,000	10,050,510	9,181,800	-	(868,710)	91.36	114.59	516,644	516,644	-	2,740,644
Corporate Services: Administration	53,240	81,512	80,877	-	(635)	99.22	151.91	-	-	-	154,767
Libraries	116,000	-	-	-	-	-	-	136,428	136,428	-	136,427
Town and Community Halls	-	-	-	-	-	-	-	-	-	-	59,838
Council General Expenses	12,947	10,317	1,204	-	(9,113)	11.67	9.30	12,849	12,849	-	24,620
Distribution	17,060,000	16,795,710	16,630,731	-	(164,979)	99.02	97.48	-	-	-	11,589,282
Financial Services: Administration	175,980	150,922	144,713	-	(6,209)	95.89	82.23	-	-	-	36,090
Development Services: Administration	272,600	769,672	723,104	-	(46,568)	93.95	265.26	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	697,649
Housing	550,000	6,654,301	6,651,735	-	(2,566)	99.96	1,209.41	3,042,470	3,042,470	-	3,042,470
Municipal Manager: Administration	18,150	20,780	20,387	-	(393)	98.11	112.32	7,717	7,717	-	24,217
IT Services	835,000	863,965	833,963	-	(30,002)	96.53	99.88	23,157	23,157	-	766,157
Protection Services: Administration	251,000	251,000	201,048	-	(49,952)	80.10	80.10	-	-	-	-
Fire Fighting	80,000	80,000	76,171	-	(3,829)	95.21	95.21	-	-	-	594,815
Licensing And Traffic Services	40,000	102,000	89,557	-	(12,443)	87.80	223.89	-	-	-	-
Policing And Law Enforcement	687,000	590,319	521,598	-	(68,721)	88.36	75.92	69,298	69,298	-	1,219,298
Total capital expenditure by vote	86,848,463	86,837,884	86,694,027	1,216,172				3,808,563	3,808,563	-	100,867,976
<u>Funding Sources</u>											
Transfers recognised - capital	19,480,000	25,463,301	25,666,330	-	203,029	100.80	131.76	-	-	-	-
Public contributions & donations	150,000	150,000	230,875	-	80,875	153.92	153.92	-	-	-	-
Borrowing	22,947,970	14,774,679	16,002,274	-	1,227,595	108.31	69.73	-	-	-	-
Internally generated funds	44,270,493	46,454,204	44,794,548	-	(1,659,656)	96.43	101.18	-	-	-	-
Total sources of capital funds	86,848,463	86,842,184	86,694,027	1,216,172							
<u>Cash flows</u>											
Net cash from (used) operating	51,551,086	42,730,893	82,921,918	-	40,191,025	194.06	160.85	-	-	-	-
Net cash from (used) investing	(80,459,388)	(85,077,622)	(85,218,103)	-	(140,481)	100.17	105.91	-	-	-	-
Net cash from (used) financing	(6,232,506)	(5,673,484)	(6,785,431)	-	(1,111,947)	119.60	108.87	-	-	-	-
Cash/cash equivalents at the year end	177,432,613	171,171,855	210,129,183	-	38,957,328	122.76	118.43	-	-	-	-

The operational budget was overspent by an amount of R 6 578 523 mainly due to the significant increase in the value of the Post- Employment Medical- Aid Benefits resulting in the increase in the contribution to the provision which were more than the amount budgeted for. The budget for Post- Employment Medical- Aid Benefits were based on the previous year's actuarial calculation.

The capital budget was overspent by R 1 216 172 due to borrowing cost being added to the final amount spent on the Malmesbury Sewerage Works for the year under review.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
BUDGET STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/2013							2011/2012			
	Original Budget	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
FINANCIAL POSITION											
Current assets											
Inventory	4,195,163	5,100,000	7,034,717	-	1,934,717	137.94	167.69	-	-	-	5,074,623
Trade Receivables from Exchange Transactions	28,315,466	47,611,179	37,751,093	-	(9,860,086)	79.29	133.32	-	-	-	33,129,586
Trade Receivables from Non-Exchange Transactions	6,835,269	6,835,269	10,166,761	-	3,331,492	148.74	148.74	-	-	-	11,937,293
Investments	148,627,936	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	28,804,679	171,171,855	210,129,183	-	38,957,328	122.76	729.50	-	-	-	219,210,799
Operating Lease Assets	-	-	20,700	-	20,700	-	-	-	-	-	48,002
VAT	-	-	60,941	-	60,941	-	-	-	-	-	823,089
Current Portion of Finance Lease Receivables	-	-	10,552	-	10,552	-	-	-	-	-	11,005
Current Portion of Long-term Receivables	13,753	23,500	13,805	-	(9,695)	58.74	100.38	-	-	-	12,416
						-	-	-	-	-	
Non-current assets											
Property, plant and equipment	1,723,019,983	1,747,835,624	1,749,287,755	-	1,452,131	100.08	101.52	-	-	-	1,727,372,534
Intangible Assets	97,667	240,000	458,432	-	218,432	191.01	469.38	-	-	-	314,445
Investment property	33,956,890	33,956,890	31,223,021	-	(2,733,869)	91.95	91.95	-	-	-	33,964,103
Heritage Assets	-	-	767,266	-	767,266	-	-	-	-	-	-
Other	224,407	-	-	-	-	-	-	-	-	-	-
Finance lease receivables	-	-	168,516	-	168,516	-	-	-	-	-	215,458
Long-term receivables	228,898	663,559	228,899	-	(434,660)	34.50	100.00	-	-	-	242,703
Total Assets	1,974,320,111	2,013,437,876	2,047,321,641		33,883,765						2,032,356,056
Current liabilities											
Consumer deposits	6,740,646	6,740,646	6,896,298	-	155,652	102.31	102.31	-	-	-	6,287,042
Provisions	1,930,222	5,500,000	5,731,369	-	231,369	104.21	296.93	-	-	-	4,939,303
Creditors	41,801,024	44,964,947	43,771,409	-	(1,193,538)	97.35	104.71	-	-	-	41,921,126
Unspent conditional grants and receipts	-	-	2,682,327	-	2,682,327	-	-	-	-	-	4,664,517
Operating lease liability	-	-	62,640	-	62,640	-	-	-	-	-	79,560
Current portion of long-term liabilities	5,175,963	5,300,648	5,244,094	-	(56,554)	98.93	101.32	-	-	-	6,825,690
Non-current liabilities											
Long-term liabilities	155,448,664	141,635,416	141,478,759	-	(156,657)	99.89	91.01	-	-	-	146,682,594
Provision for post-retirement medical aid benefits	27,279,045	35,060,026	37,663,000	-	2,602,974	107.42	138.07	-	-	-	28,179,291
Other non-current provisions	-	-	7,158,000	-	7,158,000	-	-	-	-	-	5,125,780
Total Liabilities	238,375,564	239,201,683	250,687,896		11,486,213						244,704,903
NET ASSETS											
Total Net Assets											
Housing Development Fund	-	481,582	421,772	-	(59,810)	87.58	-	-	-	-	481,582
Accumulated Surplus	1,735,944,547	1,773,754,611	1,796,211,973	-	22,457,362	101.27	103.47	-	-	-	1,787,169,571
	1,735,944,547	1,774,236,193	1,796,633,745		22,397,552						1,787,651,153
Total Net Assets and Liabilities	1,974,320,111	2,013,437,876	2,047,321,641		33,883,765						2,032,356,056

APPENDIX A**SWARTLAND MUNICIPALITY**
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

	Loan Number	Redeemable	Balance at 30/06/2012	Received/ Transferred during the period	Interest capitalised during the period	Redeemed written off during the period	Balance 30/06/2013
EXTERNAL LOANS							
LONG- TERM LOANS							
Development Bank		30/06/2020	419,992	-	-	52,499	367,493
Development Bank		29/12/2028	41,021,903	-	20,938	1,115,696	39,927,145
Development Bank		29/12/2023	2,063,333	-	1,037	105,250	1,959,120
Development Bank		31/12/2031	69,473,661	-	39,899	1,198,624	68,314,936
INCA		31/12/2013	5,359,601	-	-	3,471,733	1,887,868
Sanlam		30/06/2031	34,464,028	-	20,330	610,622	33,873,736
Total Long- Term Loans			152,802,518	-	82,204	6,554,424	146,330,298
LEASES							
Sunlyne Rentals			13,897	54,428	-	19,819	48,506
CTC Finance			156,910	(145,828)	-	6,098	4,984
Minoltafin			480,960	(259,320)	-	208,850	12,790
Sasfin			53,999	350,720	-	78,444	326,275
Total leases			705,766	-	-	313,211	392,555
TOTAL EXTERNAL LOANS			153,508,284	-	82,204	6,867,635	146,722,853

APPENDIX B**SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013**

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Land and Buildings													
Land	60,010,011	(9,202)	1,277,533	-	-	61,278,342	-	-	-	21,080	-	21,080	61,257,262
Buildings	209,665,461	93,292,163	1,992,596	5,404,300	-	310,354,520	136,364,106	62,153,549	6,656,575	-	-	205,174,230	105,180,290
	269,675,472	93,282,961	3,270,129	5,404,300	-	371,632,862	136,364,106	62,153,549	6,656,575	21,080	-	205,195,310	166,437,552
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	1,042,447,039	3,036,763	10,666,537	-	-	1,056,150,339	457,885,755	(51,705)	25,012,074	2,481	-	482,848,605	573,301,734
Beach Improvements	66,664	(66,664)	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	578,766,721	4,202,319	144,764	30,561,274	-	613,675,078	246,448,145	3,741,900	9,146,725	-	-	259,336,770	354,338,308
Electricity Mains	373,603,172	133,553,763	15,749,909	-	-	522,906,844	150,872,737	52,890,744	10,909,267	492,899	-	215,165,647	307,741,197
Electricity Peak Load Equipment	138,242,989	(138,242,989)	-	-	-	-	54,955,667	(54,955,667)	-	-	-	-	-
Water Mains and Purification	-	54,111,930	857,577	2,284,138	-	57,253,645	-	33,905,746	1,263,337	-	-	35,169,083	22,084,562
Reservoirs - Water	112,892,074	(30,428,162)	2,982,697	-	-	85,446,609	72,893,780	(26,898,008)	1,198,600	1,348,817	-	48,543,189	36,903,420
Water Meters	67,697	(67,697)	137,800	-	-	137,800	10,461	(10,461)	-	-	-	-	137,800
Water Mains	509,512,743	(20,643,396)	3,020,099	-	-	491,889,446	266,435,947	(5,671,786)	6,613,340	66,909	-	267,444,410	224,445,036
Landfill Sites	2,644,108	2,915,761	199,995	-	-	5,759,864	1,396,425	2,096,286	268,465	-	-	3,761,176	1,998,688
Cleaning	-	1,384,450	-	-	63,010	1,321,440	-	378,509	270,982	-	27,567	621,924	699,516
	2,758,243,207	9,756,078	33,759,378	32,845,412	63,010	2,834,541,065	1,250,898,917	5,425,558	54,682,790	1,911,106	27,567	1,312,890,804	1,521,650,261
Community Assets													
Parks and Gardens	3,698,964	(630,034)	30,000	-	-	3,098,930	1,607,701	294,646	117,906	-	-	2,020,253	1,078,677
Libraries	22,364,858	(22,364,858)	-	-	-	-	13,496,025	(13,496,025)	-	-	-	-	-
Recreation Grounds	26,785,694	6,258,886	688,026	-	-	33,732,606	15,713,538	3,987,371	2,529,072	-	-	22,229,981	11,502,625
Cemeteries	-	4,473,914	403,293	-	-	4,877,207	-	3,103,088	121,539	-	-	3,224,627	1,652,580
Civic Buildings	85,736,639	(85,736,639)	-	-	-	-	59,578,115	(59,578,115)	-	-	-	-	-
	138,586,155	(97,998,731)	1,121,319	-	-	41,708,743	90,395,379	(65,689,035)	2,768,517	-	-	27,474,861	14,233,882
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Painting and Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Rental Stock													
Housing Rental 1	764,263	(764,263)	-	-	-	-	106,224	(106,224)	-	-	-	-	-
Housing Rental 2	823,002	-	-	-	-	823,002	441,611	-	-	-	-	441,611	381,391
	1,587,265	(764,263)	-	-	-	823,002	547,835	(106,224)	-	-	-	441,611	381,391
Total carried forward	3,168,092,099	4,276,045	38,150,826	38,249,712	63,010	3,248,705,672	1,478,206,237	1,783,848	64,107,882	1,932,186	27,567	1,546,002,586	1,702,703,086

APPENDIX B**SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013(continued)**

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Total brought forward	3,168,092,099	4,276,045	38,150,826	38,249,712	63,010	3,248,705,672	1,478,206,237	1,783,848	64,107,882	1,932,186	27,567	1,546,002,586	1,702,703,086
Leased Assets (Infrastructure)													
Sewerage Mains and Purify	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets													
Office Equipment	9,804,809	(6,841,555)	524,593	-	90,077	3,397,770	4,195,430	(2,729,764)	476,948	6,305	64,540	1,884,379	1,513,391
Equipment	-	15,845,242	1,367,120	-	807,395	16,404,967	-	5,268,347	1,823,623	(3,517)	499,694	6,588,759	9,816,208
Furniture	4,157,246	(2,880,030)	215,693	-	42,972	1,449,937	2,789,810	(2,090,668)	206,448	322	34,150	871,762	578,175
Fittings	-	346,744	28,127	-	-	374,871	-	218,162	45,720	-	-	263,882	110,989
Bins and Containers	3,098,158	(3,044,126)	172,198	-	-	226,230	1,247,733	(1,235,188)	8,091	-	-	20,636	205,594
Security Equipment	-	355,789	264,797	-	-	620,586	-	147,304	73,263	-	-	220,567	400,019
Emergency Equipment	840,771	(815,752)	6,615	-	-	31,634	173,656	(162,734)	5,046	-	-	15,968	15,666
Motor Vehicles	33,100,551	(7,924,005)	5,090,927	-	2,862,374	27,405,099	7,276,061	(239,903)	2,243,564	90,873	1,811,445	7,559,150	19,845,949
Fire Engines	1,394,580	(1,394,580)	-	-	-	-	347,867	(347,867)	-	-	-	-	-
Refuse Tankers	10,827,387	(10,827,387)	-	-	-	-	3,089,132	(3,089,132)	-	-	-	-	-
Specialized Vehicles	-	12,544,450	1,770,221	-	677,469	13,637,202	-	2,210,380	983,923	54,337	373,214	2,875,426	10,761,776
Computer Equipment	8,096,401	349,964	725,392	-	264,731	8,907,026	4,882,393	267,215	1,108,980	72,574	223,328	6,107,834	2,799,192
	71,319,903	(4,285,246)	10,165,683	-	4,745,018	72,455,322	24,002,082	(1,783,848)	6,975,606	220,894	3,006,371	26,408,363	46,046,959
Leased Assets													
Office Equipment	1,875,933	-	-	-	716,932	1,159,001	1,105,323	-	241,167	-	725,199	621,291	537,710
	1,875,933	-	-	-	716,932	1,159,001	1,105,323	-	241,167	-	725,199	621,291	537,710
													-
Total: Property, Plant and Equipment	3,241,287,935	(9,201)	48,316,509	38,249,712	5,524,960	3,322,319,995	1,503,313,642	-	71,324,655	2,153,080	3,759,137	1,573,032,240	1,749,287,755

ANALYSIS OF INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2013

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Investment Properties	34,138,237	(130,484)	-	-	61,686	33,946,067	1,166,861	-	1,556,185	-	-	2,723,046	31,223,021
Intangible Assets	458,504	-	261,801	-	-	720,305	144,059	-	117,814	-	-	261,873	458,432
Heritage Assets	767,266	-	-	-	-	767,266	-	-	-	-	-	-	767,266
Total	35,364,007	(130,484)	261,801	-	61,686	35,433,638	1,310,920	-	1,673,999	-	-	2,984,919	32,448,719
Grand Total	3,276,651,942	(139,685)	48,578,310	38,249,712	5,586,646	3,357,753,633	1,504,624,562	-	72,998,654	2,153,080	3,759,137	1,576,017,159	1,781,736,474

APPENDIX C

SWARTLAND MUNICIPALITY
SEGMENTAL ANALYSIS OF ASSETS AT 30 JUNE 2013

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Occupational Health and Safety	-	10,574	55,652	-	1,300	64,926	-	6,300	3,287	-	1,176	8,411	56,515
Administration Civil	-	49,784	165,543	-	3,717	211,610	-	27,151	24,732	-	2,875	49,008	162,602
Administration Development Services	1,470,229	(52,000)	31,630	-	55,836	1,394,023	457,038	(32,296)	134,505	-	51,350	507,897	886,126
Administration Corporate Servi	4,614,660	(62,518)	161,752	-	351,924	4,361,970	2,832,988	(36,123)	509,710	937	337,769	2,969,743	1,392,227
Administration Financial Services	8,808,010	(1,645,667)	144,713	-	267,197	7,039,859	4,282,390	(908,496)	1,144,227	72,636	247,443	4,343,314	2,696,545
Administration Municipal Manag	-	20,516	20,387	-	13,766	27,137	-	15,331	5,143	-	11,804	8,670	18,467
Administration Protection Services	4,283,027	(3,978,529)	-	-	800	303,698	1,563,621	(1,417,833)	18,750	-	721	163,817	139,881
Building Control	-	2,799	13,743	-	-	16,542	-	1,419	1,771	-	-	3,190	13,352
Caravan Park - Yzerfontein	-	134,894	69,076	-	1,500	202,470	-	71,907	15,096	-	1,349	85,654	116,816
Cemetries	5,145,419	-	506,991	-	-	5,652,410	3,575,191	-	138,167	-	-	3,713,358	1,939,052
Community Development	-	113,659	-	-	8,176	105,483	-	21,029	6,095	-	6,069	21,055	84,428
Council	-	59,633	1,204	-	1,300	59,537	-	34,732	8,665	-	1,175	42,222	17,315
Planning and Valuation	-	17,002	-	-	748	16,254	-	10,721	2,413	-	580	12,554	3,700
Electricity Distribution	512,757,137	11,170	17,411,219	-	239,511	529,940,015	205,966,260	(238,879)	11,624,145	493,291	170,868	217,673,949	312,266,066
Fire Fighting	2,524,076	(145,126)	76,171	-	124,417	2,330,704	589,415	(107,744)	211,008	54,564	65,168	682,075	1,648,629
Housing	2,702,355	(452,251)	-	5,404,300	2,706	7,651,698	548,565	56,081	18,973	-	1,638	621,981	7,029,717
Human Resources	-	25,014	-	-	2,600	22,414	-	19,508	2,070	136	2,351	19,363	3,051
Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Services	-	1,579,020	833,963	-	79,745	2,333,238	-	1,013,890	288,728	-	76,073	1,226,545	1,106,693
Libraries	782,823	(7,204)	-	-	109,522	666,097	337,560	(6,270)	90,642	-	109,017	312,915	353,182
Licencing and Traffic Services	-	4,239,652	4,369	-	416,574	3,827,447	-	1,629,934	564,330	12,202	287,435	1,919,031	1,908,416
Municipal Property	360,718,246	1,560,737	3,639,118	-	1,025,519	364,892,582	186,462,810	709,844	7,510,051	21,570	657,283	194,046,992	170,845,590
Parks and Recreational Areas	8,052,459	(123,410)	863,883	-	338,527	8,454,405	3,154,176	(125,843)	544,944	-	203,014	3,370,263	5,084,142
Policing and Law Enforcement	-	133,562	718,277	-	132,262	719,577	-	72,269	67,940	-	78,540	61,669	657,908
Refuse Removal	38,139,043	(28,957)	2,045,323	-	1,071,412	39,083,997	13,630,175	(1,204,630)	2,057,806	88,920	530,573	14,041,698	25,042,299
Sewerage	588,393,472	(1,196,582)	1,543,163	30,561,274	392,849	618,908,478	252,796,813	(456,673)	9,577,765	-	269,024	261,648,881	357,259,597
Sportgrounds	52,018,140	10,160	688,026	-	-	52,716,326	27,554,712	8,118	3,040,910	-	-	30,603,740	22,112,586
Streets and Stormwater	1,058,121,442	(1,865,666)	12,358,848	-	609,004	1,068,005,620	461,819,666	(1,659,214)	25,964,372	(7,006)	387,962	485,729,856	582,275,764
Swimming Pools	-	21,034	-	-	-	21,034	-	14,798	2,067	-	-	16,865	4,169
Tourism	-	7,587	-	-	-	7,587	-	5,552	906	104	-	6,562	1,025
Town and Community Halls	-	24,589	69,566	-	1,300	92,855	339,053,182	(339,034,840)	8,430	-	1,176	25,596	67,259
Water Services	628,121,404	1,396,839	7,155,693	2,284,138	334,434	638,623,640	-	341,510,257	9,411,006	1,415,726	256,704	352,080,285	286,543,355
TOTAL	3,276,651,942	(139,685)	48,578,310	38,249,712	5,586,646	3,357,753,633	1,504,624,562	-	72,998,654	2,153,080	3,759,137	1,576,017,159	1,781,736,474

APPENDIX D**SWARTLAND MUNICIPALITY****SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

2012	2012	2012		2013	2013	2013
Restated	Restated	Restated		Actual	Actual	Surplus/
Actual	Actual	Surplus/		Income	Expenditure	(Deficit)
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
1,985,889	18,075,751	(16,089,862)	Executive and Council	3,200,431	19,275,341	(16,074,910)
111,587,713	59,292,611	52,295,102	Finance and Administration	122,671,625	51,484,796	71,186,829
1,538,008	8,890,793	(7,352,785)	Planning and Development	1,976,874	8,441,291	(6,464,417)
4,524,913	10,372,351	(5,847,438)	Community and Social Services	5,452,230	12,517,577	(7,065,347)
250,433	1,123,630	(873,197)	Housing	240,953	1,360,528	(1,119,575)
3,226,700	18,702,138	(15,475,438)	Public Safety	2,922,931	18,609,396	(15,686,465)
1,516,227	12,112,521	(10,596,294)	Sport and Recreation	1,696,342	15,532,172	(13,835,830)
-	-	-	Environmental Protection	-	-	-
27,373,972	19,889,459	7,484,513	Waste Water Management	30,426,156	24,851,424	5,574,732
21,568,788	19,083,848	2,484,940	Waste Management	25,735,831	21,829,044	3,906,787
3,911,839	44,753,310	(40,841,471)	Road Transport	3,869,885	49,004,313	(45,134,428)
33,504,277	38,947,499	(5,443,222)	Water	36,994,518	41,825,603	(4,831,085)
156,347,951	133,172,183	23,175,768	Electricity	174,417,927	146,557,148	27,860,779
367,336,710	384,416,094	(17,079,384)	Sub Total	409,605,703	411,288,633	(1,682,930)

APPENDIX E (1)SWARTLAND MUNICIPALITYACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
REVENUE					
Revenue from Non-exchange Transactions					
Taxation Revenue	67,359,221	67,476,158	(116,937)	-0.17	
Property rates	67,359,221	67,476,158	(116,937)	(0.17)	
Transfer Revenue	65,668,164	63,741,546	1,926,618	3.02	
Government grants and subsidies: Operating	13,730,715	9,209,454	4,521,261	49.09	More expenditure incurred than expected.
Government grants and subsidies: Capital	24,470,574	27,780,092	(3,309,518)	(11.91)	
Unconditional Government grants:	26,752,000	26,752,000	-	-	
Public Contributions and donations	150,000	-	150,000	-	
Other Contributions	484,000	-	484,000	-	
Donated Property, Plant and Equipment	80,875	-	80,875	-	
Sale of Land Inventories	2,306,633	6,364,500	(4,057,867)	(63.76)	
<i>Revenue on sale of land</i>	<i>2,471,660</i>	<i>6,364,500</i>	<i>(3,892,840)</i>	<i>(61.16)</i>	Less properties were sold than was anticipated.
<i>Cost of land sold</i>	<i>165,027</i>	<i>-</i>	<i>165,027</i>		
Other Revenue	8,812,035	9,179,351	(510,692)	(5.56)	
Fines	2,947,831	4,040,012	(1,092,181)	(27.03)	The service provider underperformed and the necessary action was taken by Management. A new service provider was appointed who will commence operations from 1 July 2013.
Licences and permits	3,225,095	2,723,732	501,363	18.41	More licenses and permits were issued than expected.
Income for agency services	2,495,733	2,415,607	80,126	3.32	
Other	143,376	-	143,376	-	
Revenue from Exchange Transactions	265,459,650	267,726,071	(2,266,421)	(0.85)	
Service charges	237,557,558	240,741,339	(3,183,781)	(1.32)	
Rental of facilities and equipment	2,901,632	2,406,654	494,978	20.57	
Interest earned - external investments	9,917,496	12,023,328	(2,105,832)	(17.51)	
Interest earned - outstanding debtors	1,455,488	1,194,844	260,644	21.81	
Other revenue	13,627,476	11,359,906	2,267,570	19.96	
Total Revenue	409,605,703	414,487,626	(5,025,299)	(1.21)	

APPENDIX E (1)**SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 2013**

	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
EXPENDITURE					
Employee related costs	125,450,243	120,008,135	5,442,108	4.53	
Remuneration of Councillors	6,703,224	7,184,841	(481,617)	(6.70)	
Debt impairment	1,259,585	9,635,652	(8,376,067)	(86.93)	Estimation of debt impairment lower than anticipated.
Depreciation and Amortisation	72,998,654	68,545,886	4,452,768	6.50	
Asset impairment	2,215,455	265,000	1,950,455	736.02	The result with regards to the implementation of new standards of GRAP was unexpected due to no historical information being available.
Repairs and maintenance	15,667,400	17,386,426	(1,719,026)	(9.89)	
Interest paid	8,485,935	15,859,858	(7,373,923)	(46.49)	An amount in respect of borrowing cost was budgeted for as interest paid but was capitalised as part of the relevant projects.
Bulk purchases	137,412,595	145,447,132	(8,034,537)	(5.52)	
Contracted services	3,073,226	3,157,138	(83,912)	(2.66)	
Grants and subsidies paid	1,292,677	1,364,140	(71,463)	(5.24)	
General expenses	36,452,239	41,584,471	(5,132,232)	(12.34)	Expenditure realised lower than anticipated due to several line- items that have been underspent of which the following are examples: <ul style="list-style-type: none"> • Review of Bylaws not performed but will be reviewed in 2014; • Decrease in the usage of fuel; • Traffic fines - Payment to service provider in dispute; • Less employees trained; and • Financial Management Support Grant not spent due to funds received in the latter part of the financial year.
Loss on disposal of property, plant and equipment	277,400	5,012,832	(4,735,432)	(94.47)	Loss on disposals less than expected.
Total Expenditure	411,288,633	435,451,511	(24,162,878)	(5.55)	
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(1,682,930)	(20,963,885)	19,137,579		
<i>Other income:</i>					
Gains on disposal of property, plant and equipment	-	-	-		
SURPLUS/(DEFICIT) FOR THE YEAR	(1,682,930)	(20,963,885)	19,137,579		

APPENDIX E (2)**SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013**

	2013 Actual R	2013 Under Construction R	2013 Total Additions R	2013 Budget R	2013 Variance R	2013 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
Executive and Council	1,756,056	-	1,756,056	1,692,589	63,467	3.75	
Finance and Administration	1,122,052	-	1,122,052	1,014,887	107,165	10.56	Donations received were not budgeted for.
Planning and Development	-	-	-	-	-	-	
Health	-	-	-	-	-	-	
Community and Social Services	1,100,575	-	1,100,575	1,175,240	(74,665)	(6.35)	
Housing	1,247,435	5,404,300	6,651,735	6,654,301	(2,566)	(0.04)	
Public Safety	888,374	-	888,374	1,023,319	(134,945)	(13.19)	Savings occurred on the erection of fencing and IT equipment installed in new offices of the Traffic Department,
Sport and Recreation	2,229,699	-	2,229,699	2,279,824	(50,125)	(2.20)	
Environmental Protection	-	-	-	-	-	-	
Waste Management	34,360,106	-	34,360,106	33,154,333	1,205,773	3.64	
Road Transport	16,174,497	-	16,174,497	16,660,171	(485,674)	(2.92)	
Water	(26,931,215)	32,845,412	5,914,197	6,387,510	(473,313)	(7.41)	
Electricity	16,630,731	-	16,630,731	16,795,710	(164,979)	(0.98)	
Other	-	-	-	-	-	-	
	48,578,310	38,249,712	86,828,022	86,837,884	(9,862)	(0.01)	

APPENDIX F**SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		September	December	March	June	September	December	March	June	September	December	March	June		
ACIP Water Conservation	National Department of Water Affairs	243,428	128,819	1,617,261	1,433,894	253,515	828,508	1,754,913	182,893	-	-	-	-	None	Yes
Broadcasting Booth Gene Louw	Provincial Department of Cultural Affairs and Sport	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Cleanest Town	Provincial Department of Environmental Affairs and Development Planning	1,582,357	-	-	-	11,900	-	-	82,593	-	-	-	-	None	Yes
Community Development Workers	Provincial Department of Local Government	27,000	-	-	-	789	10,218	5,342	3,908	-	-	-	-	None	Yes
Damaged Houses	Provincial Department of Local Government	-	-	-	-	-	-	-	108,505	-	-	-	-	None	Yes
Extended Public Works Programme	National Department of Public Works	400,000	300,000	300,000	-	162,772	293,010	284,773	259,445	-	-	-	-	None	Yes
Equitable Share	National Department of Cooperative Governance and Traditional Affairs	11,147,000	8,917,000	6,688,000	-	11,147,000	8,917,000	6,688,000	-	-	-	-	-	None	Yes
Financial Management Support Grant: Asset Register	Provincial Department of Finance	-	-	300,000	-	-	-	-	80,548	-	-	-	-	None	Yes
Financial Management Support Grant: Standards	Provincial Department of Finance	-	-	300,000	-	52,373	79,584	119,767	76,920	-	-	-	-	None	Yes
Financial Management Support Grant: Tariff Modelling	Provincial Department of Finance	-	-	150,000	-	-	-	-	11,399	-	-	-	-	None	Yes
Fire Damage: Housing Riebeek Kasteel		-	-	-	123,515	-	-	-	-	-	-	-	-	None	Yes
Greenest Town		-	-	50,000	-	-	-	-	-	-	-	-	-	None	Yes
Housing Abbotsdale	Provincial Department of Housing	-	-	4,343,228	2,056,772	-	-	-	5,404,300	-	-	-	-	None	Yes
Housing Chatsworth	Provincial Department of Housing	-	-	-	-	-	-	-	2,931,870	-	-	-	-	None	Yes
Housing Klippiessdal	Provincial Department of Housing	-	-	-	835,680	-	-	-	835,680	-	-	-	-	None	Yes
Housing Consumer Education Grant	Provincial Department of Housing	-	-	-	-	-	54	4,590	2,448	-	-	-	-	None	Yes

APPENDIX F**SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003(continued)****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		September	December	March	June	September	December	March	June	September	December	March	June		
Library	Provincial Department of Cultural Affairs and Sport	1,500,334	1,500,333	1,499,333	-	994,961	1,207,732	1,077,097	1,220,210	-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury	1,250,000	-	-	-	296,700	340,516	238,659	354,641	-	-	-	-	None	Yes
Municipal Infrastructure Grant	National Department of Cooperative Governance and Traditional Affairs	-	9,337,000	5,188,000	-	6,127,753	8,397,247	-	-	-	-	-	-	None	Yes
Municipal Systems Improvement Grant	National Department of Cooperative Governance and Traditional Affairs	800,000	-	-	-	140,988	97,699	47,009	470,603	-	-	-	-	None	Yes
Netball Courts		-	200,000	-	-	-	-	24,292	161,473	-	-	-	-	None	Yes
Proclaimed Roads Subsidy	Provincial Department of Transport and Public Works	-	-	172,000	-	-	172,000	-	-	-	-	-	-	None	Yes
Sondeza	Provincial Department of Local Government	100,000	-	-	-	33,486	66,514	-	-	-	-	-	-	None	Yes
Thusong Centre	Provincial Department of Local Government	-	218,000	-	-	218,000	-	-	-	-	-	-	-	None	Yes
Thusong Centre	Provincial Department of Local Government	-	-	-	-	-	-	-	500,000	-	-	-	-	None	Yes
Wesbank Rectification		-	-	-	2,171,092	-	-	-	2,171,092	-	-	-	-	None	Yes
Total		17,050,119	20,601,152	20,607,822	6,620,953	19,440,237	20,410,082	10,244,442	14,858,528	-	-	-	-		

*** Reasons for non- compliance**

No expenditure was incurred in this financial year. The funding will be utilised in the next financial year.